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BEFORE THE

COMMISSION OF ARBITRATION

UNDER THE PROVISIONS OF THE PROTOCOL
OF JANUARY 31, 1903, BETWEEN THE

United States of America and the
Dominican Republic,

FOR THE SETTLEMENT OF THE CLAIMS OF THE
SAN DOMINGO IMPROVEMENT COMPANY
OF NEW YORK AND ITS ALLIED
COMPANIES.

Case of the United States.

FEBRUARY 12, 1904.

JOHN B. MOORE,
Agent of the United States.

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CASE OF THE UNITED STATES.

Points to be decided by the Commission.

On the 31st day of January, 1903 (the date of the protocol), "differences" existed "between the Dominican Government and the San Domingo Improvement Company and its allied Companies", namely, the San Domingo Finance Company of New York, the Company of the Central Dominican Railway and the National Bank of San Domingo (Protocol, 1st clause).

The Protocol between the two governments was intended to be a "settlement" of those differences (Protocol, 3d clause).

The "basis" of that "settlement" was that the Companies should "withdraw" from the Dominican Republic and that the Dominican Republic should "indemnify" them for the "relinquish-

ment of their rights, properties and interests" (Protocol, 3d clause).

This "basis of settlement" was first proposed to the Companies by the President of San Domingo in October, 1899, and was accepted by the Companies in principle.

Negotiations for a settlement on that basis were had in April, 1900, November, 1900, March, 1901, and April, May, June and July, 1902, but none of them reached a successful conclusion.

No other basis of settlement was ever proposed by the Dominican Government in any of the negotiations, and therefore it was that this basis came to be adopted in the protocol as the only natural and feasible method of finally determining the equities of the parties.

One other feature agreed upon in those negotiations is preserved in the protocol, and that is the amount specified in the protocol, as *the "indemnity"* to be "made and accepted" "for the relinquishment by the companies above mentioned of all their rights, properties and interests, and in full settlement of all accounts, claims and differences between the Dominican Government and the said companies" (Protocol, Article I.).

The effect of the adoption of this basis of settlement and of the agreement as to the amount to be paid is a settlement in fact of all the "differences" between the Dominican Government and the companies which existed on the 31st day of January, 1903.

The Commission is therefore relieved from the task of considering those "differences" for the purpose of adjudging the amount of the indemnity to be paid; but the Commission will probably find it useful to have a general understanding of them in arriving at a decision of the questions submitted by the protocol. While the price named in the protocol, \$4,500,000, was agreed to by the Dominican Government and the companies, their negotiations failed because they could not agree

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upon the time of the delivery of the railroad property to the government, the latter demanding delivery before payment of its value. When these negotiations failed there had been no agreement as to the amount of the annual payments to be made by the government to the companies, nor as to the security therefor.

It thus appears by the history of the previous negotiations, and by the provisions of the protocol itself, that there are four principal points submitted to the Commission for its decision.

These are all included under the words "on terms to be fixed by the arbitrators", "the terms on which the indemnity thus agreed upon shall be paid shall be referred to a board of three arbitrators" (Art. I. of the Protocol), "the times, terms and conditions of the delivery of which shall be fixed by the arbitrators" (Art. V. of the Protocol), "shall be paid in monthly installments, the amount and manner of collection of which shall be fixed by the tribunal", and "the award shall bear interest from the date of its rendition at the " (Protocol, Art. VI.).

The four principal points are as follows :

I.—The time or times when the companies' properties shall be delivered to the Dominican Government.

II.—The rate of interest to be paid upon the amount fixed by the protocol.

III.—The amount and manner of each annual and monthly payment.

IV.—The security therefor.

Such subsidiary points as may have to be passed on will probably be found to fall under one of the above heads.

HISTORY OF THE CASE.

This "History" is not intended, in its entirety, as a statement of the facts to be proved, upon which the Commission is to found its Decree, but, in a general sense, as an Introductory History to enable the Commission to understand how the controversy arose, how the sum to be paid by the Dominican Government and received by the Companies for the purposes named in the protocol, came to be fixed at \$4,500,000, and how the questions originated which the Commission has to determine.

As, however, the whole "History" has a general bearing upon the specific points submitted to arbitration, while much of it is essential to their elucidation, the truth of the facts therein stated is sustained by general affidavits as to its end.

1869 The first appearance of the Republic of San Domingo in international finance was by the issue in London in 1869 of £757,700 6% Bonds (known as the Hartmont Bonds), for which the customs receipts of Puerto Plata and Santo Domingo City were pledged. At a Parliamentary Inquiry in 1875, it was proved that the Government repudiated this issue in 1870, and never paid any interest, which was however paid by the promoters for several years. In fairness it should be stated that the Government claimed it only received £50,000 of the proceeds. [Report Parliamentary Committee, Pub. Doc.]

1888 Westendorp & Co., Bankers, of Amsterdam, Holland, in 1888 underwrote and issued, at 83½%, for the Government of San Domingo, the 6% gold bonds of that Government for £770,000 sterling.

These bonds, or their proceeds, were to be used for the payment of the Interior Debt of that Republic and, as to £142,860 of them, for conversion of the Hartmont (1869) bonds, held in England, at the rate of 5 old for 1 new bond. [See Exhibit

A, pages 3, 13.] Of these latter £591,900 were actually converted and the rest purchased for the Government in 1897, by the Finance Company.

As a security for interest and sinking fund the Dominican Government created a *first lien* upon all its Customs Revenues.

To make this lien effective, the Government authorized Westendorps, directly or by their agents or a company, to collect and receive at the Custom Houses all the Customs Revenues of that Republic, Westendorps (1) to retain the interest and sinking fund £55,645 annually, and (2) to deliver the remainder to the Dominican Government.

As machinery for this, Westendorps were to create an establishment in San Domingo, known as the *Caisse Générale de la Régie* (*Caja de Recaudación*), generally called "Régie," "to which shall be entrusted the collection of the import and export dues received in all the ports of the Republic" * * * which establishment shall be managed by Westendorp & Co. or transferee "during all the life of the contract and until the loan is cleared off". [Exhibit A, pp. 4, 6 foot note.]

This was actually done, Westendorps sending out from Europe the necessary number of agents and employees. Westendorps continued in the collection and disbursement of the revenues until the transfer of their rights to the SAN DOMINGO IMPROVEMENT Co. in May, 1892, which transfer was accepted and confirmed by the Dominican Congress March, 1893. (See below). [Exhibit C, p. 8.]

\$75,000 Mexican (gold value then 75%) were monthly payable to the Government for its Budget by the *Régie*, and the Government formally renounced the faculty of granting any special concession respecting exemptions or reductions in the Customs Dues, without con-

sent of Westendorps, and agreed that no changes should be made in the Customs Tariffs without their consent. [Ex. A, pp. 7, 8, 6.]

1890 Westendorps contracted in 1890 to take £815,000 sterling 6% bonds, additional, known as Railroad Bonds.

These bonds were issued for the payment of additional Interior Debt, and also for the partial construction of a Railway from Puerto Plata (the principal seaport on the North Coast) across and through the mountains 42 miles to Santiago, the principal city of the interior.

Similar security was given by the Dominican Government to that given for the 1888 bonds, and the *Regie* was to pay the interest and sinking fund out of the Customs Revenues. [Exhibit B.]

Westendorps offered the new bonds at 77% to the public in Holland and Belgium in the same week as the Baring failure, November, 1890, but without success, and they were therefore obliged to purchase practically the entire amount themselves.

Westendorps began the construction of the railway, and at the beginning of 1893, had finished about 11 miles up the mountain, and had supplied some rolling stock, when the IMPROVEMENT Co. took possession.

The necessity of further providing for its Interior Debts caused the Dominican Government to seize certain Customs Revenues and pledge the same to local merchants, thus preventing the *Regie* from continuing the payments to Westendorps in full. Customs irregularities said to have been connived at by the Government, and releases from payment of Customs Duties to local merchants for advances, reduced the revenues so low that, after meeting the necessary Budget, nothing remained to Westendorps for the bonds.

The Dutch Government protested to the Dominican Government without avail.

1892 In January, 1892, these conditions continuing, and the market price of the bonds falling on the Brussels Bourse and at Amsterdam, to 16-18%, the Westendorps applied to the Hon. Smith M. Weed and Messrs. Brown & Wells, of New York, to organize an American Company to acquire the bonds belonging to the Westendorps (about \$1,500,000) and all their rights and obligations under their contracts with the Dominican Government.

This was ultimately done, and the **SAN DOMINGO IMPROVEMENT COMPANY OF NEW YORK** was incorporated April 8th, 1892, under the laws of the State of New Jersey.

In the meantime, as American citizens were to go into the enterprise and invest in it large sums, it was deemed prudent to lay the matter before the Government of the United States.

This was done, first to Secretary Blaine, and by him to President Harrison; later on by Senator Warner Miller in behalf of the American interests to Secretary of State Foster and Secretary of the Navy Tracy, as well as President Harrison.

About that time, August-November, 1892, United States Minister Durham, as was then understood, was in negotiation with the Dominican Government concerning Samana Bay.

Secretary Foster had previously been familiar with the Westendorp contracts and with the proposals (French or German) to acquire the Westendorp interests. He expressed gratification at the probable transfer of these rights to Americans, as likely to avoid trouble for the United States.

1893 In March, 1893, the Improvement Co. obtained from the Dominican Government a recognition of the transfer of Westendorps' rights and liabilities to it,

and also important additions to the powers of the *Regie*. [Exhibit C, p. 8, etc.]

Simultaneously the Company contracted to complete the Railway (which was subsequently done); also guaranteed the refunding or conversion of the outstanding 6% bonds, including bonds to be issued for the completion of the railway, into new Four Per Cent. Consolidated Bonds, amounting to £1,610,000, and further agreed to pay off and discharge certain large Interior Debts, aggregating \$659,000, silver, say \$440,000 in gold. [Exhibit C, p. 3, 4, 5 top.]

For this the Dominican Government created a new class of bonds, called "Debentures", 4%, amounting to \$1,250,000. [Same, p. 5 and 11.]

Both classes of new bonds were declared in the Law to "be guaranteed by the total amounts of the customs receipts, which shall be collected by the San Domingo Improvement Co." and all the stipulations of the Westendorp contracts for the guaranty and validity of the bonds were declared to continue in full force and effect. [Same, p. 3 foot, p. 5 and p. 6 top.]

1894 An important provision was added: In order to strengthen the credit of the bonds of the Dominican Republic and to facilitate the conversion and ensure the payment of the Budget, it was agreed that the Company, in case of default of interest or sinking fund or other manifest necessity, was obliged to request the governments of Holland, Belgium, England, France and the United States, in which the bonds were held, each to appoint a member of a Financial Commission (which should have all the *Regie*'s rights for Collection of Revenues), but that this provision should not apply to a country in which less than £100,000 bonds were held (see Law 1897, *infra*). [Exhibit C, p. 5, Sec. 8.]

The Company successfully carried out its conversion in Europe of the 6% bonds into 4% bonds, the market price rising to 30-35, paid

the maturing coupons, and increased the revenues from \$1,300,000 in 1892 to \$2,200,000, silver, in 1893.

1894 Notwithstanding this, the Dominican Government became still further indebted locally, so that in 1894 it increased the Debentures by \$1,250,000 additional, for which the Company paid \$540,000, gold, besides disbursements, and incurred certain other obligations provided in the Law. [Exhibit C, p. 16 and Exhibit D, pp. 8, 9.]

Up to this time the fiscal operations of the Dominican Government, the purchase and sale of bonds, and the work upon the Railway, had all been conducted by the IMPROVEMENT Co. It was thought best to separate these operations as soon as possible, so that the sole office of the IMPROVEMENT Co. would be that of trustee in the collection of the Government Revenues and their disbursement.

The SAN DOMINGO FINANCE COMPANY OF NEW YORK was therefore created under the laws of New Jersey in 1894, by the same Americans who organized and controlled the IMPROVEMENT Co., to carry on the financial operations requisite for the purchase of bonds, construction of the Railway and other (temporary) finance for the Dominican Government.

After its organization the FINANCE Co. acquired from the IMPROVEMENT Co. all the bonds which the latter owned.

The IMPROVEMENT COMPANY nevertheless continued to act as the Trustee of all the holders of the foreign debt, which was owned in the United States, England, Belgium and France, and, as such trustee, to control the "Regie", and, through its agency, collect and distribute the revenues of the Republic, all according to the contracts between it

and the Dominican Government. In this capacity the Improvement Company continued to act, until by the arbitrary and illegal action of the Dominican Government, January 10, 1901 (see p. 26, *infra.*) and by the subsequent contract of the Belgian and French bondholders with the Dominican Government in June, 1901 (as hereinafter explained), it ceased to be the trustee of the Belgian and French bondholders and thereafter represented and now represents only the American and English holders of Dominican Bonds. [See Exhibit J, p. 34, 147.]

Under the Westendorp contracts, assumed by the IMPROVEMENT Co., the latter was to complete the railway with its equipment to Santiago, over a very mountainous and difficult country. [For Westendorp Contract, see Exhibit B, and Impt. Co. Contract, Exhibit E.]

For such construction and equipment, the Dominican Government agreed to pay the company in consols (6% reduced to 4%), and the road was to be operated through the medium of an operating company (to be created) for a period of 50 years, upon a certain fixed basis of distribution of the profits between the Dominican Government and the operating company. [See Exhibit E.]

As a matter of fact, the construction and equipment of the road cost the American companies over \$650,000 in gold, in excess of the sums realized from the £425,000 Dominican Bonds, sold by them from time to time in the Brussels market.

There were supplementary contracts concerning the Railroad, the important ones being found in Exhibit E, pp. 18, 21, and in Exhibit M.

"THE COMPANY OF THE CENTRAL DOMINICAN RAILWAY" was accordingly organized under the laws of the State of New Jersey, and took possession and operation of the railway for the term prescribed.

It is now, February, 1904, still carrying on such operation.

1894 The IMPROVEMENT Co. also induced the Dominican Government in 1894 to change its monetary basis from Silver to Gold, adopting that of the United States, and the Revenues continued to increase.

Although the monetary basis was gold, the Customs Revenues continued to be collected in Mexican silver, until the latter, following well-known economic laws, had practically disappeared from the country. The history of the currency which replaced Mexican silver and of the circumstances which finally led to the collection of the revenues in American gold will be recounted in its place.

1895 The Dominican Government in 1895 became greatly embarrassed by the hostile action of the French fleet, which appeared with peremptory demands. The difficulty arose thus :

The *Banque Nationale de Saint Domingue* was created in France in 1889 to operate an exclusive franchise for a State Bank in San Domingo. [Exhibit F.] In 1892 a personal difference arose between General Heureaux, who was President of the Dominican Republic, and the *Banque*, and, upon his obtaining a judgment for a large sum, execution was issued and levy made upon the property of the *Banque*. The French Consul intervened, sealed the safes of the *Banque* and reported to his Government, which, stimulated by the *Banque*, proceeded with much severity.

Diplomatic relations were sundered and the hostile fleet of France appeared before the Dominican Capital. The matter was submitted to the arbitration of Spain, but was not decided.

During 1894 strained relations continued, and in January, 1895, a naturalized Frenchman was murdered near Samana Bay. The French

Government, influenced by the *Banque*, took most extreme measures, threatened to seize the Custom Houses and demanded large indemnities for the settlement of the two matters.

President Heureaux appealed to the IMPROVEMENT Co. to assist him and, upon presentation of the matter to Secretary of State Gresham and President Cleveland, the United States intervened in Paris, so effectually, that the French Government proposed an adjustment, if the IMPROVEMENT Co. would guarantee the necessary payments. [Exhibit J, p. 186, and Exhibit D, p. 17.]

This the company ultimately did, and the FINANCE Co. agreed to purchase some additional "Debentures", which were now by law to be called "FRENCH AMERICAN RECLAMATION CONSOLS", and at the earnest solicitation of President Heureaux agreed to buy control of the French bank.

It made such purchase—June–October, 1895—and was obliged to pay something over par for the shares—later acquiring up to three-fourths of the whole number or more, costing in all, with some extraordinary expenses and commissions, not less than \$750,000, in gold.

Substantially the only assets of the *Banque*, except about 100,000 francs in cash, were, at the time of purchase, several loans to the Dominican Government, and the claim for damages resulting from the action of President Heureaux under his judgment.

Upon the purchase of control by the American group, the *Banque* induced the French Government to withdraw the claims on its account against the Dominican Republic. And the *Banque*, for its loans to the Dominican Government, then producing 12% to 20%, accepted payment in French American Reclamation Consols, 4%, by which the entire issue of those bonds was brought up to \$4,250,000, which

received, as further security, the separate Revenues previously pledged to the *Banque*.

It must be observed that these Reclamation Consols had, in addition to the general security upon the general Customs Revenues, a *special* security consisting of Port Dues, Customs "Apartados", Stamps, etc., which always produced a sum considerably in excess of the interest and sinking fund on this class of bonds. [See *infra*, p. 62.]

In the meantime the FINANCE Co. had sold in Brussels the bonds it had purchased from Westendorp and the Consols received for construction of the Railway, receiving on the average about 27% net, but retained substantially all the Reclamation Consols it had acquired.

- 1895 The FINANCE Co. in 1895 still further assisted the Government, which was then engaged in constructing some gun-boats and acquiring a very large store of military supplies.

This was done largely by cash and by acceptances of drafts, but toward the end of 1896 these operations fell into much disorder, and the Revenues were much diminished on account of interior fiscal and commercial difficulties, and by reason of the great decline in the price of sugar.

- 1896 In December, 1896, the Revenues were insufficient, after paying the required Government Budget, for the interest on the Consolidated (or Brussels) bonds, and the Government was unable to make up the deficiency. The special revenues pledged to the Reclamation Consols being sufficient, their interest was paid. A considerable part thereof was then owned in France.

- 1897 Consequently, on January 1st, 1897, the coupons of the Consolidated 4% Bonds, mainly held in Belgium, fell into default.

This resulted in negotiations, terminating in the contract and law of Aug. 9th, 1897, which called for a conversion of all the then existing bonds and for the creation of new bonds to provide for the can-

cellation of the large interior floating debt and for other requirements of the Government.

The Belgian bonds, so called, were to be increased to a total of £2,736,750 with interest reduced to 2½%, and the French-American Reclamation Consols were to be exchanged into 4% Unified Bonds and increased to a total of £1,500,000. The operation of this conversion was confided by law to the Finance Company. [See Exhibit G, Art. 1.]

This law of August, 1897, provided "that all these bonds should be conjointly guaranteed by a first Mortgage on all the Customs Revenues", including the special security possessed by the Reclamation Consols, and that they should be collected directly by the "Caisse de la Regie," the employes and agents of which should be appointed in accordance with existing contracts and with all the rights and powers they then held. It also provided that such Revenues should be paid in gold coin (of or equivalent to that of the United States) until the final redemption of the bonds. Article 8 of the Law re-enacted and strengthened the highly important provisions contained in the Law of March, 1893 (*supra*), concerning the appointment, in certain contingencies, of an International Financial Commission, "which shall have all the powers and obligations for the collection and disbursement of the Customs Revenues as are now held by the Caisse de la Regie" (Exhibit G, Art. 8).

The Finance Company had agreed, during the negotiations in April, to carry through the conversion, including the surrender by the holders of Reclamation Consols of their Special Securities, also to fund the over-due coupons and to pay to the Dominican Government, as the price of the proposed increased issue of bonds, the sum of \$1,000,000, to be used by the Government in the discharge of its general floating indebtedness, and 750,000 francs to be used by the Government in payment of the French diplomatic claim.

The Finance Company agreed to accept this trust and make such payment upon the solemn representation of the Dominican Government that these sums would provide for all the outstanding indebtedness of the Government of whatever description. [See also Art. 7, Exhibit G.]

Subsequently, and after the Law of Aug. 9, 1897, was passed by Congress, and after the issue in England (see Prospectus thereof, Exhibit N), it developed that this representation was false. Thereupon English capitalists, who had agreed to assist in financing the loan, withdrew, and it became impossible to carry the whole operation to completion.

The Dominican Government was immediately informed of the situation, and it thereupon requested the Finance Company to furnish what money it could raise toward the payment of the Government's floating debt as contemplated by that Law.

The Company thereupon raised and paid to the Dominican Government the sum of \$683,135.

An accounting was—March, 1899—had with the Dominican Government, by which it appeared that a portion of the £1,500,000 of 4% unified scrip, authorized by the Law of August 9, 1897, ought not to be issued, since the whole consideration therefor had not been paid.

This amount of scrip turned out to be £351,400, which was never issued, but has been repeatedly offered to the Dominican Government, and by it refused for reasons stated in Exhibit J, p. 57.

The conversion, however, was a success, and thereafter the foreign bonded debt of San Domingo became what it is to-day, as follows:

Belgium Bonds, 2 3/4%, owned principally in Belgium and Holland, but to a very small extent in France. . . . £2,736,750
Scrip for Unified Bonds, 4%, and French American Reclamation Consols, owned (except about £300,000 owned in France,) in the United States, chiefly

by the Finance Company, and in Eng-
land by its allies..... £1,148,600

Total..... £3,885,350

1898 The coupons for 1898 were paid on all bonds and the FINANCE Co. assisted the Government, as far as was in its power, to finance the Government floating debt.

The lack of a sufficient circulating medium and the requirements of the interior floating debt, which the Government was constantly increasing, finally induced the Government to create a large issue of paper money.

This was done through the National Bank, after months of protest on its part, and to its great detriment.

But as the Bank possessed, under its charter, the exclusive right to issue paper money, it yielded to the importunities of the Government and the paper currency was issued on the Government's account and responsibility.

The rate of exchange had been fixed by law at \$2 paper for \$1 gold ; and the great bulk of the duties was by decree payable in that currency.

This currency soon began to depreciate, and by 1899 March, 1899, its market value had fallen to 10 for 1, and hence its purchasing power was so reduced that it was impossible to buy any substantial part of the gold required for the coupon due April 1, 1899, although the nominal amount of Custom Revenues remained about the same.

A new scheme, approved in principle by the American Company, the English Council of Foreign Bondholders and the representatives of the Brussels Bonds, was being favorably discussed with July President Heureaux, when, in July, 1899, he was 1899 assassinated while travelling in the interior of the Island.

It may be well, before proceeding further with the historical statement, to give the inherent cause of the frequent breakdown in Dominican finance.

The only taxation in the Republic is that upon imports and exports. There are no land taxes, and no corporation or franchise taxes. The cities collect small municipal imposts, but even for them the principal revenue is derived from the National Treasury.

At the Custom Houses, during the existence of the *Regie*, there were two sets of authorities: (1) the Government officials, comprising the Interventor (or Collector) of the port, with the employees and clerks, etc., under his control, and (2), the "Director" of the *Regie*.

The duties of the Government officials were to inspect the goods passing through the port, and to determine the amount of duties payable thereon. Inasmuch as nearly all Customs Duties are payable in "pagarés" or promissory notes, the Interventor released the goods upon the delivery of such notes to the Government fiscal officer (the Administrator of "Hacienda") at each port.

The powers of the *Regie* authorized and required the Director to join with the Interventor in the examination of goods and determination of the amount of duties. This director had also to certify the necessary documents. It was the duty of the fiscal officer, above-mentioned, to endorse and deliver over to the Director of the *Regie* the "pagarés" as well as the cash paid for duties. [See Exhibit C, p. 10.]

So long as these laws were duly observed, this method was satisfactory, and, for a considerable time under President Heureaux and under President Jimenes, the revenues were substantially collected; but in Santo Domingo, as in some other countries, the course of political events is too often determined by personal ambition and rivalries. Hence large sums of money must be spent by those who are "in" to maintain their position,

and debts must be contracted by those who are "out" to obtain control, and such latter debts, in case of successful revolution, become debts of the Republic.

This is the principal cause of the constantly increasing Interior Debt. To raise money for these political purposes, the Treasury is regarded as a proper source and, upon its depletion, expedients are resorted to which result in using up the future revenues and in causing the financial crises so frequently occurring.

By way of illustration the following may be stated. The President needed for his purposes, say \$100,000. He would borrow it from some local merchants of wealth, promising to pay back \$200,000 or even more, with interest on the larger amount at 1, 1 1/2 or even 2% per month, compounded monthly; and, as the merchants were importers and exporters, he would authorize them to apply the Customs Duties they incurred to the payment of this multiplied debt. The fiscal officer of the Government would, by orders from the Government, accept from the merchant, instead of the usual 'pagaré', or cash, his receipt, or, what was equivalent, a draft on the Treasury.

The *Regie* protested, but was powerless.

For illustration: Late in 1898, President Heureaux borrowed on such terms a considerable sum from Señor Vicini, a wealthy merchant, who was also a sugar planter, and authorized the repayment from the export duties on his own shipments of sugar, which was done during the following sugar season to the extent of \$115,000, notwithstanding the earnest and formal protest of the *Regie*.

For another loan perhaps the President would give orders that importations, say of flour, upon which there was a very high duty, should be passed as cement, on which there was none.

For still another loan, complete exemption from duties would be allowed to a certain person or industry for a specified time.

Such exemptions, or "Concessions", were also made in consideration of political services.

Thus, while the nominal revenues, based upon the imports and exports, would show very satisfactory figures, the actual cash received through the Customs and passing into the hands of the *Regie* would be greatly diminished.

Transactions of the kind indicated were frequent and involved such large amounts, extended for such long periods and carried such a rate of interest, that they not only became extremely burdensome but really placed in jeopardy the payment of the coupons on the bonds, independently of difficulties arising from depreciated currency or other causes.

It was to release the revenues thus pledged that much of the money, provided by the contracts with the IMPROVEMENT CO. and the FINANCE CO., was employed.

In the actual administration of its duties the *Regie* was daily in contact with the "Contador General" of the Treasury [the general accounting and auditing officer of the Dominican Government], and it was the invariable custom of the *Regie* to submit monthly statements to that officer of the Government for settlement.

Differences (which, however, rarely occurred) were adjusted by negotiations between the minor officers or, on failure, then by a reference of the matter to the President of the Republic.

In this manner the accounts were regularly settled by the *Regie* with the Government officers, from the beginning down to the assassination of President Heureaux and for some time afterwards under his successor, President Jimenes.



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POLITICAL EVENTS, JULY 26, 1899, TO SEPT. 5, 1899.

It was agreed by President Heureaux and the Representatives of the Companies that they should meet in San Juan, Porto Rico, on or about August 10th, 1899, for the purpose of agreeing upon the new scheme above referred to, or some other plan to relieve the existing financial situation. All arrangements had been completed for such conference, when, on July 26th, 1899, President Heureaux was assassinated at Moca, a small town in the interior of the Republic.

Within a few days thereafter, Señor Ramon Caceres, who fired the fatal shot, Gen. Horacio Vasquez, one of those interested in the success of the attempt, and a small band of their followers, proclaimed a revolution which became so general in the interior of the Republic that, on August 29th, 1899, a committee of citizens proclaimed Gen. Vasquez President of a Provisional Government. At that time the seat of the Provisional Government was at Santiago, in the interior, while the regular Government was still in possession of the Capital and the southern part of the Island.

As soon as the death of Gen. Heureaux became known at the Capital, July 26th, 1899, Vice President Wenceslao Figuereo assumed the Presidency and continued to govern, with the Heureaux Cabinet, up to August 30th, 1899, when he resigned, leaving the Government in the hands of the Cabinet.

The Cabinet maintained itself until the night of August 31st, 1899, when its members resigned in consequence of a hostile demonstration by a small but somewhat tumultuous group of citizens.

On that same night a committee of safety was formed by citizens, which preserved order in the Capital until September 5th, 1899, when the army of the revolution, that is, the army of the Provisional Government of General Vasquez, en-

tered the city under the command of Gen. Vasquez himself. Señor Caceres also accompanied the army as a member of the Provisional Cabinet.

General Vasquez thereupon became in fact as well as in name the President of a Provisional Government, which was immediately acquiesced in by all Dominicans, and was soon recognized by foreign Powers.

IMPROVEMENT COMPANY'S SITUATION DURING THE PERIOD FROM JULY 26, 1899, TO SEPT. 5, 1899.

The death of President Heureaux rendered the proposed conference at San Juan impossible, and caused an inevitable delay in effecting the plans of the parties for relief of the financial stress, as well as delay in the discussion of any other methods than those then contemplated.

Nevertheless, President Figueroa manifested a willingness to consult with the Companies; and their representative, Mr. Abbott, arrived at the Dominican capital on or about August 18th, 1899.

Mr. Abbott then found that the death of President Heureaux had produced a serious and unexpected effect upon the interests of the bondholders in general and especially upon the American interests here represented.

The Dominicans had previously felt that the presence of the company's representatives in the custom houses had, in a sense, compromised their national autonomy and dignity, and such feeling had engendered a certain amount of hostility towards the companies in all their operations. But no serious friction had resulted, nor were public expressions of dissatisfaction usual or pronounced.

But, upon the death of President Heureaux, the Dominican people, especially the press and the politicians, denounced the companies daily and loudly called for their withdrawal from the republic. The feeling against President Heureaux was very strong, and, altogether, a state of public feel-

ing existed which threatened the destruction of the companies' interests then and there.

The Government of President Figueroa, however, being a part of the Heureaux regime, did not seem wholly to share the feelings of its political opponents.

On the contrary, President Figueroa attempted to enter into negotiations with Mr. Abbott looking to some relief for the financial situation. Such negotiations did not progress beyond preliminary observations, because the public opposition manifested after the death of President Heureaux, together with the political uncertainty caused by the revolution headed by Gen. Vasquez, incapacitated him, in his opinion, from entering into any definitive agreement with the companies, and in the end he declined to negotiate.

The Committee of Safety had no power to treat upon questions of the character proposed.

POLITICAL EVENTS, SEPT. 5, 1899 TO NOV. 20, 1899.

As above stated, the Government of Gen. Vasquez in the Capital began on Sept. 5th, 1899.

It lasted until about November 20, 1899, when Señor Juan Isidro Jimenes, who had been elected President by the people on Oct. 20th, became the "Constitutional" President of the Republic and Gen. Vasquez, also duly elected, became the Vice-President. Señor Caceres was the Governor of Santiago and Delegate of the Government in the Interior.

IMPROVEMENT COMPANY SITUATION, DURING VASQUEZ PROVISIONAL ADMINISTRATION. Sept., Oct., Nov., 1899.

Upon the accession of President Vasquez, Sept. 5th, 1899, Mr. Abbott found that a class of men had come into power, which was in complete sympathy with the prejudices of the Dominican public

against the acts of President Heureaux generally, and especially against the contracts which his Government had made with the Improvement Company and its allied Companies, and so against the Companies themselves.

This prejudice was fomented by those who, by the death of President Heureaux, had come to be politicians, or who desired to become such, and there was no voice to the contrary. The great majority of those who had just been invested with the political control were not familiar with administrative duties, and were, on their own confession, almost entirely ignorant of the contents of the contracts of the Government with the Companies and of the powers, rights and duties of the latter.

The press was freely used to urge the withdrawal of the Companies and even their expulsion from the country.

President Vasquez himself and his Government had several interviews with Mr. Abbott, which were friendly in character but unproductive of results except that, by the joint action of the *Regie* and the Government, duties were made payable in fact, as they were before by law, in gold coin of the United States. To accomplish this, the American companies advanced large sums of money, and furthermore assisted the Government to bridge over various difficulties until the revenues, impaired by the revolution of August, 1899, should be again restored to a normal condition. All such advances were afterwards repaid from the revenues. In the end the Government, unfriendly to the Companies, and influenced by the violent public prejudice against them, and by the fact that a new Government was soon to be elected by the people, did not care to become responsible before the country for any friendly negotiations whatever with the Companies, and so informed Mr. Abbott, who left the Capital for New York late in September, 1899.

POLITICAL EVENTS. Nov. 20, 1899, to May 2, 1902.

The Government of President Jimenes endured from November 20, 1899, until May 2d, 1902, when it was overthrown by a revolution headed by Vice-President Horacio Vasquez, who became again President of a Provisional Government.

IMPROVEMENT COMPANY SITUATION DURING THE JIMENES ADMINISTRATION, Nov. 20, 1899, to May 2, 1902.

The watchword of the campaign for the election of Jimenes and Vasquez was the withdrawal of the Companies from the Republic. Some advocated a withdrawal by friendly negotiation and some by forcible expulsion.

President Jimenes adopted, at that time, the more pacific method and asked the Companies, through his agent in New York, whether they would be willing to sell all their interests in the Island to the Government and withdraw from the country.

The Companies said that they were willing to negotiate in that sense and, upon further request, submitted a plan for such sale and withdrawal, to serve as a basis for discussion and negotiation.

On Dec. 21st, 1899, there having been no change in the apparent situation, Mr. Abbott again arrived in San Domingo City.

Negotiations were soon after begun between the Government and Mr. Abbott for the desired relief of the financial situation, but the Government declined to consider the question of negotiations for the Companies' withdrawal from the country, although Mr. Abbott offered to negotiate on that basis.

The negotiations actually undertaken resulted in the contract of April 18th, 1900, which was duly sanctioned by Congress on that date. [Exhibit H.]

While this Contract was before Congress, Presi-

dent Jimenes renewed the discussion of a contract looking for the withdrawal of the Companies.

Mr. Abbott gave a favorable response and made another written offer of what he would do, which was a renewal of the first offer in substance.

This offer was favorably received by President Jimenes, who asked and received a promise from Mr. Abbott to return to Santo Domingo within six months to negotiate in the proposed sense.

Mr. Abbott then went to New York, but he returned to San Domingo within and near the close of the six months, with detailed propositions for the sale of the Companies' rights and their withdrawal from the Country.

President Jimenes, however, had changed his views and declined to enter into negotiations, and none were had beyond a preliminary discussion.

The public hostility against the companies had greatly increased during Mr. Abbott's absence. The theory had been advanced and was persistently advocated in the press and was finally adopted by the Government that the contract of 1900, if not absolutely void, yet could not be legally put into execution, except as to those parts which increased the annual budget of the Government. [Exhibit J, p. 171.]

The real purpose of this antagonism on the part of the Government and its leading officials, chief among whom was Dr. Henriquez, then Minister of Foreign Affairs, could not then be understood, but subsequent events and declarations soon disclosed that a campaign had been begun, the *sole object* of which was the *expulsion of the American Companies* from the *Regie* and the country without any compensation whatever (under the theory of most of the Dominican people), or with very little (according to others), which would only be ultimately fixed upon after some long and indefinite period. To the latter class Dr. Henriquez belonged.

The IMPROVEMENT Co., however, insisted upon carrying out the contract, as approved by the Dominican Congress, and, being still in control of the *Regie* and in the receipt of the revenues, continued to disburse the moneys accordingly, including its payments to the Government itself.

About this time the Dominican Government instigated a proceeding in the local Courts against the *Banque*, alleging its bankruptcy, for a reason wholly technical, viz., the non-payment of a small sum in bank notes, for which the Government itself, in writing, was pledged as the primary debtor under a contract by which the *Banque* was released.

These proceedings, although decided nineteen months later in favor of the *Banque*, made any hope of rehabilitation impossible, since during all that time the *Banque* was closed and in the possession of official liquidators.

Mr. Abbott, finding that the Government, while refusing to permit him to perform certain acts provided for in the contract of 1900, in accordance with the provisions thereof, demanded that he should perform those acts independently of the contract and without the guaranty stated therein, left the Republic and reached New York December 25th, 1900.

Specifically —The Government demanded the presentation and settlement of all reciprocal accounts, pending or thought to be pending between the parties, outside of and independently of the provisions in that respect contained in the contract of 1900. For a succinct statement of this controversy, reference is made to the letter from Mr. Abbott to Minister Brache, dated Nov. 14, 1901, to which the Dominican Government has never replied [Exhibit J, p. 55].

1901 In January, 1901, came the climax, for which the Dominican politicians had been striving ; by a Decree of the Government the IMPROVEMENT Co. was peremptorily and *arbitrarily, by executive order,*

excluded from all participation in the operations of the Customs, the fiscal officers of the Government were ordered not to deliver to it any money or "pagarés", and the further intervention of the Company in the collection of the revenues, previously acquired by the Company under various contracts and laws, was at once suspended [Exhibit J, p. 147.]

To appreciate the far-reaching effect of this decree, it is necessary to recall the fact that every bond of the Republic was issued, sold and bought, on the strength of the Laws of the Dominican Republic, providing that the security for the payment thereof should be the customs revenues of the Republic, collected and administered by the San Domingo Improvement Company, and statements to that effect were printed in the bonds themselves [See specimens of all bonds, Exhibit O].

This decree, therefore, not only ejected the IMPROVEMENT COMPANY from the custom houses and the country, but destroyed the efficacy of the security for the payment of the bonds, £825,000 of which are owned by the Finance Company and its allies.

The event has justified the theory above stated. Since Jan. 10, 1901, the date of the said decree, no American or English bondholder has received a dollar on his bonds, and only \$18,750 has been received for any purpose, and that was paid by the Vasquez Government in part fulfilment of the protocol of January 31, 1903, between the Governments of the United States and San Domingo; an instrument whose validity was later disputed by the Dominican Government, of which General Gil was President.

The Companies applied to the Department of State for relief from this situation and the Government of San Domingo was so informed [Exhibit J, p. 115].

The Government then sent its Minister of Foreign

Relations, Dr. Henriquez y Carvajal, to New York and Antwerp, to adjust the difficulties between the Government and the bondholders caused by this decree.

Dr. Henriquez laid his case before the Department of State [Exhibit J, p. 85, etc.], and he was there advised to see if he could not arrange with the companies by a contract which should be private in its nature rather than international and he accepted the advice.

Mar. 1901 Dr. Henriquez immediately opened negotiations with the American Companies, which, after some weeks of discussion, resulted in a contract which was regarded by him as satisfactory to the interests of the Dominican Republic [Exhibit J, p. 11.]

In principle, this contract provided for the purchase by the Dominican Government of all the interests of the American Companies, substantially in the language ultimately embodied in the Protocol of January 31, 1903. It provided for the commencement immediately of a deposit, monthly, in a Trust Company in New York of a fixed sum to await results and for an arbitration to determine any questions which could not be settled amicably thereafter by the Dominican Government and the American Companies. Arbitrators were to be appointed by the parties, and the umpire, should they fail to agree, by the King of Sweden, at the request of the American and Dominican Governments. The sum to be paid, the installments and the security therefor, were also to be determined by the arbitrators. The IMPROVEMENT Co. therein agreed to abandon all its rights in the *Regie* upon the ratification of the contract by the Dominican Congress.

Inasmuch as the French and Belgian bondholders, representing about two-thirds of all the bonds outstanding, had formally demanded the retirement of the IMPROVEMENT Co. as *their* representative and trustee, it was understood that the

contract above-mentioned did not include their bonds.

Dr. Henriquez therefore went to Europe, and as a result of the contract made with the Improvement Company, succeeded in making a contract for the arrangement of the Republic's difficulties with the Belgian and French bondholders. This contract was dated June 3, 1901 [Exhibit J, pp. 45 and 54.]

These contracts were submitted to the Dominican Congress in September, 1901, when the Belgian contract was promptly confirmed, while the American contract was rejected, and not only rejected but "rejected in principle." [Exhibit J., pp. 45 and 54.]

The real and substantial fear of Congress seemed to be the question of arbitration. Especially abhorrent was international arbitration. And it soon became evident, as discussion proceeded, that Congress did not wish to have the accounts settled by arbitrators, but only by the Courts of the Dominican Republic; and that, least of all, would any arbitration be accepted in which the President of the United States should or could intervene, even remotely.

In October 1901, Mr. Abbott again went to San Domingo City, where he remained but a few days, during which no negotiations were suggested by the Dominican Government, not based upon the rendition of accounts independently and outside of the provisions of the contract of 1900.

The Companies then asked for the intervention of the United States and filed their case on January 6th, 1902, in the form of a printed pamphlet, to which reference is hereby made [Exhibit J].

The State Department gave suitable instructions to Minister Powell, who arrived in San Domingo City in pursuance thereof in February, 1902.

The State Department later expressed to Mr. Abbott its desire that he go to San Domingo and endeavor once more to effect a private settlement

of the Companies' claims, making use of the good offices of Minister Powell, to the end that international complications might, if possible, be avoided.

In pursuance of this indication, Mr. Abbott arrived at San Domingo in April 1902, and met a commission of the Government, when negotiations were begun, only to be terminated by the revolution of Vice-President Vasquez against the Government, which resulted in the deposition of President Jimenes on May 2, 1902, and the establishment of the provisional Government of General Vasquez.

POLITICAL EVENTS, MAY, 2, 1902, to APR. 18, 1903.

General Vasquez became President of the Provisional Government, May 2, 1902, and ruled under that title until April 18th, 1903, when he was deposed as the result of a revolution headed by Gen. Alenjandro Wos y Gil, who himself became President of a Provisional Government on that day.

IMPROVEMENT COMPANY SITUATION DURING THE PROVISIONAL GOVERNMENT OF GENERAL VASQUEZ.

May 2, 1902, to April 18, 1903.

President Vasquez initiated negotiations with Mr. Abbott. They were conducted through the Minister of Finance from May to July 7th, 1902.

Mr. Abbott presented to the Government a full statement in detail of the claims for advances and for damages which the American Companies would present to arbitration, in case arbitration should become necessary, and delivered to the Minister of "Hacienda" a complete summary of all claims, with explanations thereof.

This was done at the instance of the Minister, who specially requested that no detailed statement of particular items should be furnished, but only a summary of headings and totals.

The method of settlement proposed by the Government was by a purchase by the Government of all the rights, claims, properties and interests of the companies for a round sum of money, thereby settling at a single stroke all the reciprocal accounts, claims and differences between the parties, as well as the price to be paid for the aforesaid properties and interests, and thus leaving only the annual payments and the security therefor as the principal subjects for discussion.

Mr. Abbott accepted this proposal, and the sum of \$4,500,000 was agreed upon as the price to be paid by the Government and received by the companies for the purposes above stated.

The companies' statement of claims to be presented to a Board of Arbitrators included a much larger sum than the one finally accepted, but, as a compromise and to purchase peace, they finally agreed as above stated.

The aggregate of these claims was over \$11,000,000, but the £850,000 of bonds were set down at par and certain claims were duplicated, to be allowed one way or the other according to the view to be taken upon agreement or by the arbitrators. It also included very considerable damages for specific profits lost through the action of the Dominican Government. Claims were also made for compensatory damages for violation of contracts by the Dominican Government, but no amounts were set down therefor.

All this was pointed out to the government, which was informed that the Companies believed that (after striking out the items above-mentioned, for profits lost and for compensatory damages, and for the duplicate claims, after reducing the value of the bonds to 50 % of their par, leaving substantially only the prices agreed on for the bonds and Railroad and the cash paid out and actually lost by them in their fiscal operations, with the interest and other costs and expenses, incident thereto), a strictly equitable settlement would produce \$6,000,000, and

that this would be the least sum for which the Companies would contend before the Arbitral Tribunal.

The Government did not long hesitate to offer \$4,500,000, which the Companies accepted, partly as a compromise and partly in the hope of thus meeting the expressed desire of the State Department that the differences should be arranged amicably. They believed then, and believe now, that the sum offered is inequitably small.

No agreement was reached as to the annual payments, because it was found impossible to agree upon the time when the railroad property should be delivered to the Government, the latter insisting upon its delivery within a few months from the date of the contract, and before any substantial part of its value had been paid.

Mr. Abbott demanded the retention of the railroad property in his hands until its value had been paid for by the Government, since this property would constitute the companies' only security, except the promise of the Government to set aside from the revenues of Puerto Plata the necessary monthly payments.

A deadlock ensued and Mr. Abbott broke off negotiations on July 7th, 1902.

Having returned to the United States, he subsequently modified his proposal by offering to deliver the road after five annual payments on the principal and interest had been made. This was at once curtly rejected, and all private negotiations ceased.

The State Department believed, with the companies, that the demand of the Dominican Cabinet was unjust and was insisted upon to prevent or unreasonably delay any settlement of the case.

And therefore, late in the Autumn of 1902, the State Department directed Mr. Powell, United States Minister, to demand from the Dominican Government ARBITRATION by a mixed International Commission, of the claims of the American Companies, a form of Protocol covering the case

being included in the instructions. That form made no suggestion of an amount to be paid but submitted to the Arbitrators the whole case, including price, accounts and claims.

After weeks of discussion, in which the Dominican Cabinet sought in every manner to evade the final issue, Mr. Powell succeeded in bringing them to the principle of settlement by an International Arbitration. Then came the proposal by the Dominicans to liquidate, in the protocol itself, the accounts, claims and purchase money, for the round sum of \$4,500,000, leaving to the Arbitrators the terms of payment, including security, and amount of monthly installments and interest. Minister Powell accepted this proposal and the protocol was signed Jan. 31, 1903.

In February, 1903, Mr. Abbott again went to San Domingo, when the Government undertook to enter into negotiations with him for a contract which should supersede the protocol, because, as the Minister of the Treasury and the Minister of Foreign Relations explained, international arbitration would in such case be avoided. No propositions, differing from those which had caused former failures to reach a settlement, were made and Mr. Abbott declined to negotiate.

The first payment under the protocol was made February, 1903, in the form of a draft for \$18,750 payable to the order of Minister Powell and by him endorsed to the Secretary of State, since which time no payments have been made.

POLITICAL EVENTS, APR. 18 to NOV. 24, 1903.

Gen. Woss y Gil became President of a Provisional Government on April 18th, 1903, and continued as such until July 20th, 1903, when he became President by an election of the people, and so continued until Nov. 24, 1903, when he was overthrown by a revolution headed by Gen. Morales, who thereupon became the head of a Provisional Government.

IMPROVEMENT CO. UNDER GEN. WOSS Y GIL,
Apr. 18 to Nov. 24, 1903.

The provisional Government of Gen. Woss y Gil neglected and refused to appoint arbitrators under the protocol, to pay any of the monthly payments provided therein, or to recognize its validity by any act.

The elected Government of Woss y Gil, of which the Honorable Arbitrator who represents San Domingo on this Commission was Foreign Minister, after presenting its reasons to Minister Powell for doubting the validity of the protocol, finally determined to agree to Minister Powell's request and recognized the protocol as binding and valid and appointed Dr. Galvan as its arbitrator and joined with the United States in designating Judge Gray as joint arbitrator.

The French-Belgian Contract of 1901, above mentioned (page 29), has always been respected by the Dominicans, and, though payments are much in arrears, the liability to pay thereunder has been fully recognized, and payments amounting to \$327,000 have been made from time to time. The French Government, upon the publication of the American Protocol, called the attention of the State Department to the Belgian and French Contract of 1901, and protested against any action under the Protocol which would deprive the French-Belgian bondholders of the security of the customs of San Domingo and Macoris.

The American companies have no intention to request such action, as the Arbitrators will be asked to designate the revenues of Puerto Plata and other northern ports among the securities to be provided.

In August, 1903, the French-Belgians were very active in pressing their demands for overdue and unpaid interest, and in September a new arrangement was made by which payment was to be resumed at once, at a reduced rate for the rest of 1903, with

the agreement that the full rate, equal to \$300,000, gold, per annum, minimum, should be paid from January 1904.

Italian subjects have also had claims to be adjusted—one for a large amount held by a rich merchant, resident in San Domingo City. President Gil settled that and provided a means of payment by setting aside a percentage of the revenues of Samana. President Gil also entered into a Protocol with Italy, adjusting other claims to the amount of \$176,612, payment to be made by 5% of the gross revenues of the Republic.

A large interior debt, about \$3,227,535, due principally to resident merchants of foreign nationality, has long been owing. Under local pressure President Jimenes entered into a contract to be ratified by Congress, funding the debt and appropriating 14 per cent. of the gross revenues [divided, 7% for the Vicini indebtedness and 7% for the other interior creditors]. This contract failed because of the Revolution of Vasquez, which overturned Jimenes and his Congress.

Later on the Finance Minister of Vasquez signed new contracts substantially similar, in which the 14% was reduced to 10%, divided as above specified, and new and stringent provisions for collection were stipulated (Exhibits K. and L).

These contracts were approved by the Chief Executive and have been regularly executed, even during the revolutions, until September, 1903, when their execution was temporarily suspended by the President and Congress at the demand of the French Minister, representing French and Belgian bondholders.

In the Henriquez contract (Exhibit J., p. 34) the rate of interest was finally fixed at 3%. This was accepted by the companies with much reluctance

and only as a compromise to insure the success of the negotiations.

Just as the contract was about to be signed, Dr. Henriquez requested that the rate be still further reduced to $2\frac{1}{4}\%$ as a concession to his personality. In view of the attitude he had assumed during the negotiations the companies acceded to this request, understanding, although there was no definite agreement to that effect, that this reduced rate of interest would be considered and compensated in the negotiations to follow.

The basis of all negotiations, which finally led to the fixing of the sum of \$4,500,000 as the price of the companies' interest and properties, was the extinction of all reciprocal accounts and claims, the four companies being considered as one company so far as the government was concerned. This involved the cancellation of all claims by the bank against the other companies, thus preventing the government, or its assigns, after obtaining possession of the bank shares, from enforcing such claims, either at law or in equity (Exhibit J., p. 18, paragraphs 11 and 12).

It was on this same basis that the sum of \$4,500,000 was inserted in the protocol.

There has existed in San Domingo for many years a system of extra-legal and unauthorized payments from the public treasury to various persons, not employees of the Government, made for the purpose of securing their adhesion to the Government for the time being, and of preventing them from raising the standard of revolt.

These payments are called "asignaciones", and are not provided for in the budget. Neither are any accounts ever made or published of the sums paid out under this head. The payments are not authorized by any law of the Republic.

It is therefore impossible to procure any correct

statement of the funds diverted from the treasury for this purpose. The only authentic evidence the companies can produce is the statement of the Minister of the Treasury, Señor Tejera, made to Mr. Abbott in May or June, 1902, during the Vasquez administration.

Mr. Abbott was endeavoring to show the Minister that the Government would have ample funds with which to pay its ordinary expenses and its obligations to foreign creditors and a handsome surplus besides, if its affairs were administered in a reasonably economical way, upon a reformed system of administration. Among other things he pointed out to the Minister the scandal arising from the payment of "asignaciones" and the utter futility of such payments to accomplish the desired end.

The Minister said that the "asignaciones" paid out by President Heureaux had amounted to a large sum annually, but that President Jimenes had reduced them very much at the beginning of his administration, although towards the latter part of his term he had felt obliged to restore them to a very large extent. He said that President Vasquez had reduced them, so that the Government was then paying only from \$65,000 to \$70,000 a year on this account, a sum which, he added, was very small indeed when the benefits to be derived therefrom were taken into consideration.

It has been commonly and publicly stated in Santo Domingo, both by private citizens and by certain officials of the different governments, that these "asignaciones" reached the sum of \$300,000 per annum during the latter part of the Jimenes administration, and to nearly that sum during the latter part of the Vasquez administration. But the companies have never attempted to verify the exact figures to which such payments reached.

Prior to September, 1899, the "directors" of the *Regie* at the various ports, whose duties appear from the contracts and from the explanation hereinbefore made, were all Dominicans. In that month the Improvement Company inaugurated a change of system looking to the dismissal of all Dominicans and the substitution of foreigners as directors, believing that, with Dominicans as "interventors", appointed by the Dominican Government, and foreigners as "directors", appointed by the Company, far better administration of the custom houses could be secured and much more satisfactory results obtained. When the decree of January 10, 1901, was issued, all the "directors" of the custom houses were foreigners, except in the unimportant ports of Samana and Barahona. These directors continued to exercise all the duties of their office, except that of receiving the customs revenues collected, up to December 31, 1901, when the appropriation for their salaries was withdrawn by the Government.

PROPERTIES TO BE TRANSFERRED.

The properties to be transferred by the complainant companies to the Dominican Government under the provisions of Article V of the Protocol are the following :

1. *Railroad*.—Under the the terms of the existing laws and contracts the Company of the Central Dominican Railway is entitled to possess and operate the railroad now completed or which may hereafter be completed to Moca and to Macoris, and to retain for its own use the net profits of such operation, accounting to the Government for a variable proportion thereof as fixed in said laws and contracts. Whatever such interests may be, they are fully represented by the entire capital stock of said Company; and a transfer of all of the shares thereof, the com-

pany and such interests being free from debt, will effectually transfer all of its interests.

In addition thereto, the San Domingo Finance Company of New York is entitled to construct such extensions of the Railway to Moca and to Macoris and a side road between Puerto Plata and Santiago and to receive the stipulated payment therefor from the Dominican Government. A considerable part of the construction work has been done, and the Company has stood ready to do the rest upon compliance by the Government with the necessary conditions. A release by said Company to the Government of all rights as to work done or to be done, or a transfer by the Company to some person designated by the Government of all rights as to further construction would meet the requirements of the Protocol in this respect.

2. *Banque.*—The Finance Company is the owner of 6,338 shares, out of a total of 8,000 shares, of the capital stock of the Banque Nationale de St. Domingue. The Finance Company, however, is a debtor of the Banque, as is also the Improvement Company and the Railroad Company. It is understood by all parties, including the Government, that the Banque has no other assets of value than its franchise or concession, and that any claims of the companies against the bank, or of the bank against the companies, shall be extinguished by a general mutual release in the form expressed in Section 12 of the contract of 1901, Exhibit J, page 19. The interests which the companies possess in said Banque and which are to be transferred are the net interests remaining after cancellation of the debts due to the bank from the companies. This may be accomplished by a transfer of the said 6,338 shares with a release as above described.

3. *Bonds.*—The Dominican Government bonds to be delivered by the companies are of the 4% type and consist of French-American Reclamation Con-

sols 4 per cent., issued in 1895, and of Unified 4% Scrip issue of 1897. [The definitive Unified Bonds were never created and the right thereto has always been and is now represented by the Bankers Scrip issued under the Prospectus of 1897.] Besides these, there are certain Obligations Or de St. Domingue 2½% not exceeding £24,000 nominal. These obligations are, in fact, the Dominican Consolidated Bonds of 1893 (Brussels bonds) reduced to 2½% under the terms of the Law of August 9, 1897 [Exhibit G, Sec. 2.]

The distinctive numbers, and the aggregate amount of each class of bonds and Scrip are set forth in full in the statement accompanying this "Case" as provided in Article 5 of the Protocol.

CONCLUSION.

The United States will submit with its printed argument a complete statement of what it will ask the Commission to embody in its final decree.

At this time, however, the United States only submits a general statement of what its requests will be, reserving the right to define and enlarge or diminish them at the time when the argument is presented.

The Commission will be asked to decree:

1. That the railway property shall remain in the hands of the railway company, to be operated as now and heretofore (except as to the disposition of the net proceeds), until the final extinction of the principal sum of \$4,500,000 and the interest thereon, when it shall be delivered to the Dominican Government; so that the railway property shall be one of the securities for the payment of the whole principal sum and interest, the net proceeds of the road's operation to be applied by the Companies toward the payment of the debt.

2. That the principal sum shall bear a rate of in-

terest at which the certificates of ownership in said principal may reasonably be deemed to be worth par on the market.

3. That the bonds to be delivered to the Government shall not be delivered until the principal sum of \$4,500,000 shall have been reduced to \$2,062,500. That thereafter the companies shall deliver to the Government \$1,000, or £200, in bonds for every \$500 paid on said principal.

That the interest in the National Bank shall be delivered to the Dominican Government upon its demand after six months' installments shall have been paid.

4. That the annual payments shall be fixed at a sum which will liquidate the principal and interest and costs, and the expenses of collection, at the expiration of _____ years.

5. That, the Government of Santo Domingo having offered tentatively the custom houses of Monte Cristy, Puerto Plata and Sanchez as security for the payment of said principal sum and interest, the Customs Revenues collected at the ports of Monte Cristy, Puerto Plata, Sanchez and Samana shall be security for said payments together with the Revenues collected at any other custom houses which may now exist or be hereafter established north of 18° 45' of north latitude.

That there be established such degree of control in and over the collection of revenues arising from said custom houses as shall be necessary reasonably to ensure the regular payments of said monthly installments.

The Commission will be asked to consider whether the disorder shown to have prevailed in the administration of the custom houses and of the revenues derived therefrom, can reasonably be expected to continue, and whether the revolutionary conditions shown to have existed for so long a time and to exist at this moment, can reasonably be expected to continue ; and if the Commission shall an-

swer "yes" to either or both points, then to decide whether any further and what security should now be provided in order to make the punctual fulfillment of the decree certain.

JOHN B. MOORE,
Agent of the United States.

State and City of New York, ss. :

I, Charles W. Wells, being duly sworn, do say : I am a resident of New York City, am 55 years of age, am an Attorney and Counsellor at Law, a member of the firm of Brown & Wells, having an office at 71 Broadway, in New York City.

I am now, and have been since its organization in 1892, Vice-President of The San Domingo Improvement Company of New York, a corporation created under the Laws of New Jersey, and since its incorporation Hon. Smith M. Weed, of New York, has been its President, and my partner Willard Brown its Treasurer.

I have also been, since its organization in 1894, and still am, Vice-President of The San Domingo Finance Company of New York, a corporation also created under the laws of New Jersey, and of which Mr. Weed and Mr. Brown have likewise been President and Treasurer respectively from its organization, and until two or three years ago, I was also Vice President of The Company of the Central Dominican Railway, also organized under the laws of New Jersey.

Upon the purchase by our group in September, 1895, of the majority of the shares of the Banque Nationale de St. Domingue in Paris, I was elected its President and I am still its President. While I did not have charge of the details of the management of its general business in Paris or in Santo Domingo City, I did have charge of its relations to the government, and had full knowledge of its other affairs.

Until the election in 1899 of Hon. John T. Abbott as an additional Vice-President, I had from the beginning the active charge of the affairs of those Companies, therein frequently visiting San Domingo, London, Paris, Brussels and Amsterdam, and their finance has specially been in my charge. During the twelve years in which we have been engaged in this enterprise I have given at least two-thirds of my

time to it and I have been absent in the foreign countries referred to at least 57 months.

I have assisted in the preparation of, and have carefully read, the foregoing HISTORY OF THE CASE, and I do say that the statements set forth therein down to ✞ on page 19 are correct and true either from my own knowledge by reason of my personal participation in the events recorded, or from official reports made to me direct or to the Companies by their subordinate officers or agents in the course of the Company's business, or by official declarations of the President of the Republic of San Domingo or of members of his Cabinet in the course of the business of the Government of that Republic with said Companies, arising in the manner set forth in that HISTORY. The events recorded in that HISTORY after ✞ on page 19, are either within my own knowledge from participation therein or are based upon reports made to the Companies at the time by Vice-President Abbott in the discharge of his official duties.

The Exhibits herewith presented and marked from "A" to "N" inclusive are copies, or translations, or both, of the Laws, Contracts or other documents set forth therein as the same were from time to time prepared and printed for the use of the Companies in the conduct of their affairs as set forth in said "History", and the Exhibits "O," 1 to 6, are true originals or specimen copies of the Bonds or Scrip of the Dominican Republic.

CHARLES W. WELLS.

Sworn and subscribed before me this {
18th day of February, A. D. 1904. }

E. A. MACCLEAN.

Notary Public, N. Y. Co., No. 1.

{ NOTARIAL }
{ SEAL. }

State and City of New York, ss.:

I, John T. Abbott, of the City of New York, on oath say that I am 53 years of age and a lawyer by profession; that I am a Vice President of the San Domingo Improvement Company of New York and have been such Vice President since August, 1899; that I am the attorney of the San Domingo Finance Company of New York, the Company of the Central Dominican Railway and the Banque Nationale de Saint Domingue and have been such attorney since August, 1899; that in said capacities I have been and am duly authorized to administer the affairs of the said Improvement Company and to conclude any and all negotiations with the Dominican Government in behalf of all or any of said Companies which I may deem desirable: that I have personally, either alone or with other officers of said company, conducted all negotiations with said Government which have taken place since August, 1899; that in pursuance of my duties as aforesaid I have resided in San Domingo since August, 1899, eleven months; that the statements made in the foregoing history after the large star on page 19 therein are true and correct, according to the best of my knowledge and belief; that my knowledge of the political events therein stated is derived in part from personal observation, and in part from investigation of public documents and from such information as the general public necessarily must have when political changes occur; that my knowledge of all material matters stated, otherwise than political, is personal and such statements are true and correct.

JOHN T. ABBOTT.

Sworn and subscribed before me this {
18th day of February, A. D. 1904. }

E. A. MACCLEAN,
Notary Public, N. Y. Co., No. 1.

{ NOTARIAL {
{ SEAL. }

State and City of New York, ss.:

CHARLES W. WELLS, being duly sworn, says:

I was frequently informed by President Heuraux and members of his Cabinet of the details of contracts for temporary loans made or to be made to the Government by local merchants or bankers, and for relief from which he desired, and several times obtained, large sums of money from said companies in exchange for bonds on terms set forth in the contracts contained in Exhibits C, D. A number of those local loans were discharged by the Companies and we became acquainted with their substantial terms. Some of these are referred to in Exhibit D., pp. 5, 6, 8 and 9. The debits against the Government were in most cases 50 to 100 % larger than the actual sums advanced and interest at a rate of one per cent. a month or greater (and usually greater) was charged upon the increased debit. By way of showing that these were not isolated cases, but were in the manner and at the rate customary in that country between the Government and its citizens, I make the following memorandum taken from official reports of the Minister of the Treasury or from notes made by us at the time:

Loan Contract, 2 Sept., 1892—Cosme Batlle to Government \$151,500. Secured on customs.

Loan Contract, 20 October, 1892—J. de Lemos to Government, \$125,000. Secured on customs. Interest, 2% monthly; capitalized monthly, plus 2% commission upon all sums collected from the customs constituting the security.

[Foregoing loans paid by Improvement Co. to release securities for account of the Government. Exhibit D, p. 5.]

Loan Contract, 13 Oct., 1893—Cosme Batlle to Gov't., \$207,000. Interest, 2% monthly.

Loan Contract, 14 Sept., 1893—J. de Lemos to Gov't., \$117,530. Interest, 2% monthly. Well secured.

Loan Contract, 7 August, 1893—C. J. den Tex Bondt to Government, \$36,000. Int., $1\frac{1}{2}\%$ monthly. Well secured.

Loan Contract, March 5, 1895—J. B. Vicini to Government. \$175,000, payable in balance admitted to be due, in \$20,000 cash, in acceptances of Vicini at 1, 2, 3 and 4 months. Interest at 2 per cent. monthly, capitalized monthly. Secured upon an "Apartado" of Customs Duties.

Loan Contract, April 25, 1895—Cosme Batlle to Government. Government acknowledges a general settlement of accounts and balance due C. Batlle \$346,242. Contract provides for interest 2% monthly. Secured upon half the Budget sum, payable by the Caja de Recaudacion, of \$60,000 gold monthly.

Loan Contract, May 21, 1895—Abreu & Co. to Government. Interest 2% monthly. Debt payable by monthly instalments.

Loan Contract, June 25, 1895—Vicini-Batlle-Nebot to Government \$100,000 gold. Interest 2% monthly.

Loan Contract, 10 Sept., 1895—J. B. Vicini to Government. \$110,000 and other items. Interest 2% monthly.

Loan Contract, July 10, 1895—Vicini & Leyba. \$27,574. Interest 2% monthly.

Loan Contract, June 12, 1895—J. F. Sanchez to Government. \$27,500. Interest 2% monthly.

As an illustration of the rate of interest the Government expected to pay when it was entitled to *demand* a loan, the case of the *Banque Nationale* may be cited.

By Article 15 of the "Act of Concession" of that Banque one of the considerations upon which the concession was granted, including the exclusive right of coinage and of issuing bank-notes, was a credit of \$100,000 to the Government from the Banque on its installation. [See Exhibit F, p. 5, Art. 15.] When this was consummated [by agreement dated 17 June, 1890], the Govern-

ment provided a very satisfactory security and stipulated the payment of interest at the rate of six per centum per annum, with a commission of one-half of one per centum monthly, both calculated and capitalized monthly.

Interest on debts and judgments in that country is 6 per centum per annum.

I have personally made the following computation from the Annual Volume for 1903, of the *Stock Exchange Official Intelligence*, issued under the authority of the Stock Exchange of London, England, relating to bonds and other securities officially admitted to quotation and dealings therein, and as to the market prices hereinafter stated, I have compiled the same from the *Weekly Official Intelligence*, issued under the same authority, being the number thereof dated December 5th, 1903; I am familiar with such matters in the financial markets of London, England, and I declare that the statements in such book and papers are uniformly accepted as being correct and true and that they are the basis of the transactions on said Stock Exchange in such securities. I further say that the foregoing statement does not apply to the bonds of the Republic of Haiti, but that the facts concerning the same given below are extracted from the "*Annuaire des Valeurs admises à la Cote officielle de la Bourse de Paris*", the Official Book of the Bourse of Paris and that the quotation of prices thereof are taken from the "*Journal Financier Français*", a weekly journal published in Paris, devoted to quotations of securities on such Bourse, and to other financial matters in Paris.

STATEMENT OF INTEREST, SECURITY AND MARKET
PRICES OF CERTAIN GOVERNMENT BONDS.

BRAZIL.—4% Gold Bonds issued in 1879 by Messrs. Rothschild—Market price 79%.

5% Refunding Gold Bonds 1898, issued by Rothschild—secured on Customs of the Port of Rio Janeiro and on certain Government Railways—Market price, 102%.

4% Railroad Gold Bonds, secured on Government Railroads, domiciled at Messrs. Rothschild—Market price 75%.

CHILI.—4 1/2% Gold Bonds, 1886, issued by Rothschilds—Market price, 87.

5% Ditto, 1896—Market price, 92.

CHINA.—6% Gold Bonds, 1895, specially secured upon Customs Revenues of the Treaty Ports collected by the International Customs Board (Sir Robert Hart)—Market price, 104.

4% Gold, 1895—Same security, and also guaranteed by Imperial Russian Government—Issued in Paris — Market price, 102.

5% Gold bonds, 1896, secured on Customs Revenues as above and made available by Customs Notes or Bonds which may be used for payment of such Customs Duties—Market price, 99-100.

4 1/2% Gold Bonds, 1898—Same security as 1896 Bonds and also upon "Likin" revenue—Market price, 92.

EGYPT.—The finances of Egypt fell into complete collapse, because of the extraordinary extravagance of Khedive Ismail; and in 1875 he called upon Great Britain and France to send Commissioners to study the situation and recommend measures of relief. In 1877-1881, a unification of its debt, about £100,000,000, finally reduced to 4%, took place. Under the Law of liquidation, 1880, a Foreign "Caisse de la Dette", appointed by the Great Powers, was established to collect and disburse the revenues; and a maximum expenditure by the Government was fixed. Later, through the "Caisse" and the military policing of the country by Great Britain, its finances were completely re-established and the prosperity of the country restored.

3&1/2% bonds, guaranteed by Great Britain, Germany, Austria-Hungary, France, Italy, Russia and Turkey. Quotation 99%.

4% Unified Debt, £80,000,000, secured through the "Caisse". Quotation 104%.

JAPAN.—5% Gold Bonds 1902. Issued by Barings, etc.—Market Price 91-95%.

MEXICO.—5% External Consolidated Gold Loan. Issued in 1899, by J. S. Morgan & Co., London, and J. P. Morgan & Co., New York. Security: Hypothecation of 62% of import and export duties, collected by the medium of customs certificates.—Market Price 100-102%.

SPAIN.—4% Exterior Bonds "Sealed," *i. e.* Stamped as not belonging to citizens of Spain and hence interest payable in gold.—Market Price 89%.

RUSSIA.—Numerous issues bearing 4% gold, selling at about 100%—now fallen to 96.

SERVIA.—4% Loan of 1895, partly issued in London in 1897 by Parr's Bank at 68%. Secured on net profits of certain Railways, on stamp duties, excise on alcohol, tobacco monopolies and certain customs duties. These revenues are collected by the "Autonomous Administration of Monopolies at Belgrade", which is entirely independent of the Government. The revenues have been ample and the coupons have been regularly paid. Quotation, 72%.

URUGUAY.—3 1/2 % gold bonds, 1891, issued by Glyn, Mills, Currie & Co.—to take up defaulted bonds on lower basis—secured on 45% gross Customs Revenues collected directly by London & River Plate Bank. Payments have been regularly met. Market price, 58-63, during a long time prior to the recent revolution.

5% Gold Bonds, 1896, issued by Glyn, Mills, at 71 1/2 % to £1,667,000—specially secured on 5 1/2 % of gross Customs Dues and collected as above. Proceeds of loan were used to form initial capital of National Bank. Market price, 79-82, prior to the recent revolution.

HAITI.—5%, Issue of 1875, outstanding about \$4,000,000 gold. Par of each bond 300 francs—Market Price Dec. 11, 1903, 207 fcs. say 69 per cent.

6% Issues of 1896, about \$8,000,000 in bonds of 500 francs each—Proceeds destined for payment local debts, re-

demption paper money, etc. Secured by a special tax \$1.20 gold on each 100 pounds coffee exported. The National Bank of Hayti, a French Company, the stock of which is owned in France and Belgium, which controls the collection of customs, was authorized to collect this coffee tax and apply to interest and amortization—Issued by Societe Generale and other leading banks of Paris at 90%—Interest has always been paid promptly—Market Price 352 francs say 70 per cent.

GREECE.—For some years the interest on the foreign loans was in default, and the revenues assigned as security were seized for the benefit of the Treasury, the "Caisse de la Régie" being cancelled. All negotiations between the bondholders and the Government failed until the end of the Turkish-Greek war, 1898, when, to raise the necessary indemnity fund, Greece agreed to the establishment of an "International Commission of Control" of the revenues assigned as security for the foreign debt. The members of the Commission were appointed by Germany, Austria-Hungary, France, Great Britain, Italy and Russia. Its powers include the collection, through its agents, of the customs and other revenues pledged; and it is to sit permanently in Athens until the final payment of all the foreign debt. Upon the establishment of this Commission the six Great Powers were willing to and did guarantee a Greek $2\frac{1}{2}\%$ Loan of £6,800,000, issued at par, though now selling at 90%. The other

bonds are, under the treaty, temporarily receiving interest at a reduced rate, to be increased later on. The present quotations are therefore 42% to 45%.

SAN DOMINGO.—2&3/4% bonds are quoted at 11&1/2% on the Bourse at Brussels. The French-American Reclamation Consols are quoted at Paris at 61 francs for \$100 bond.

CHARLES W. WELLS.

Sworn and subscribed before }
me this 18th day of Feb- }
ruary, A. D. 1904.

E. A. MACLEAN,
Notary Public, N. Y. Co., No. 1.

} NOTARIAL {
} SEAL. }

State and City of New York, ss. :

I, Joseph Curby Strickland, being duly sworn, do say: I am now a resident of New York City; am thirty-five years of age; have had fifteen years' experience as an accountant in New York, St. Louis, City of Mexico, Santo Domingo, Azua and Puerto Plata.

I was a Director of the "Caisse de la Régie" (or Caja de Recaudación) of the Republic of Santo Domingo,—first, at custom house of Azua, and subsequently at that of Puerto Plata until January, 1902: at which time the Dominican Executive arbitrarily decreed that said "Régie" cease to be recognized in the custom houses of the republic.

Whilst employed as such Director of the Régie, I had full charge of its books and accounts at the

seaports named, and thus,—assisted also by a preliminary training at the General Office at Santo Domingo City—became familiar with the system of accounts and reports kept and made by the “Régie” at said General Office.

Besides the General Day Book or Journal, which showed regularly and in detail all the financial operations of the “Régie”—receipts and disbursements—at all the seaport custom houses of the Republic, (copies of which were sent monthly to the office of the San Domingo Improvement Company in New York), it was the custom of the Régie, as required by law, to make and present to the “Contador General” (Auditor) of the Dominican Government, a Monthly Statement of account, showing in condensed form the revenues received at each seaport custom house and the items of disbursement for account of the Government:—duplicates of which statements were duly approved by said Contador General (if correct or when corrected), and returned to the Director General of the “Caisse de la Régie”.

For the period from July 1st, 1898, to April 1st, 1900, there was compiled a Revised Statement of such Revenues and Disbursements;—which revision was made necessary by non-payment of coupons because of insufficient revenue during said period,—in other respects it corresponds with said Journal.

I have recently examined carefully the records and entries constituting the said General Day Book and copies of said Monthly Statements and of said Revised Statement, for the purpose of making a condensed statement showing annually or semi-annually from 1893 to 1900 inclusive, the General Customs Revenues of the Dominican Republic on the one hand, and, on the other, the general items of Disbursement by the “Régie”, of such revenues.

This I have done; and I do say that the following statement has been compiled by me from said

sources of authoritative information, and is correct, true and conformable with said records.

I have also examined the books and records of the "National Bank of Santo Domingo" to ascertain therefrom the amounts received by said Bank from customs revenues and from the sales of Postage Stamps and Stamped Paper (Revenue Stamps); which receipts, during the first part of the period covered hereby, were pledged to the Bank for loans made by it to the Dominican Government: and the amounts so mentioned hereinafter are also in conformity with said entries and records.

YEAR 1893.

For the ten months beginning with March of this year (when the San Domingo Improvement Co. took control of the "Caisse de la Régie"), and ending Dec. 31st, the receipts and disbursements were as follows :

[The Mexican Silver in which all accounts were kept and payments made until June 1st, 1894, has been converted into American Gold Values at the various rates of exchange prevailing each month during said period.]

RECEIPTS :

General Customs Revenues	\$1,131,442 70
Port Duties	31,713 54
Revenues pledged to and collected by the National Bank of Santo Domingo :	
From Customs	
Duties	\$48,869 85
From P. O.	
Stamps &	
Stamped Paper	39,630 24 88,500 09
Total Receipts ten months..	<u>\$1,251,656 33</u>

DISBURSEMENTS :

To the Government direct. for its Budget (being equivalent of \$90,000.00 Mex. monthly for 10 months).....	\$587,433 39
To the Régie, for Expenses of Operation.....	22,844 61
For Annual Commissions.....	7,494 28
For Coupons & Amortization : 4 % Consols (Brussels).....	301,875 00
For acct. Coupons & Amortization: Debentures, 4 %.....	31,713 54
For Discounts on "Pagarés", Cost of Transmission of Funds and Interest due on sundry monthly balances	28,603 38
For Sundry Local "Apartados"; paid at various ports.....	30,621 61
For " Apartado " of " 1 1/2 % old External Debt " : applied on sundry foreign claims.....	29,558 25
On % Special Gold Loan of \$150,000.00 (made to Gov't by Improvement Co.).....	114,956 04
For monthly fluctuations in Mexican Exchange.....	7,741 25
Am't Retained by National Bank on its debt	88,500 09
Total Disbursements : ten months	\$1,251,341 44
Balance carried forward: Cr. Gov't, Dec. 31, 1893.....	\$314 89

YEAR 1894.**RECEIPTS :**

General Customs Revenues.....	\$1,228,113 68
Port Duties.....	50,164 83
Miscellaneous.....	786 06

Revenues pledged to and collected by the National Bank :	
From Customs Duties \$40,186 32	
“ Stamps and Stamped Paper.. 48,234 66	
	88,420 98
Cr. balance brought forward from Dec. 31, 1893.....	314 89
Total Receipts.....	<u><u>\$1,367,800 44</u></u>

DISBURSEMENTS :

Budget, to the Government—	
(\$90,000 Mex. monthly for 5 months,	
afterwards \$70,000, gold, per month)	\$722,582 41
Régie, for Expense of Operation	26,544 87
Annual Commissions.....	905 62
Coupons & Amortization,—4% Consols (Brussels)....	363,004 69
For a/c. of Coupons and Amortization Debentures.....	50,164 83
Discounts on Pagarés, Cost of Transmission of funds, and Interest on monthly balances...	38,139 21
Sundry Local “ Apartados ” : at various ports.....	38,401 88
General Apartados :	
1 1/2 % old Exterior debt.....	\$30,432 59
1 1/2 % War and Navy.....	15,884 98
1 1/2 % Public Works	15,884 98
	62,202 55
Repayment balance Special Gold Loan of \$150,000.00.....	35,471 80
Repayment part principal Debentures, according to law, being surplus revenues, first six months.....	109,358 85

Fluctuations in Mexican Exchange, first five months.....	68 35
Retained by National Bank on its debt.....	88,420 98
Total Disbursements.....	\$1,535,269 04
Balance forward, Dr. Gov't.	\$167,468 60

YEAR 1895 :**RECEIPTS :**

General Customs Revenues.....	\$1,205,844 77
Port Duties	45,836 67
Fixed Duties.....	16,777 89
Miscellaneous.....	499 87
Revenues pledged to and collected by National Bank :	
From Customs Revenues.....	\$44,206 28
“ Stamps, &c..	51,072 68
	<u>95,278 96</u>
Total Receipts.....	\$1,364,238 16

DISBURSEMENTS :

Budget—to the Gov't direct—	
\$70,000.00 monthly.....	\$840,000 00
Régie—for expenses of operation.....	30,000 00
Annual Commissions.....	6,434 08
Coupons & Amortization — 4%	
Consols (Brussels)	374,898 00
“ French-American Reclamation Consols — formerly “ Debentures ”..	62,614 56
Discounts on Pagarés, Cost of Transmission of Funds & Interest on monthly balances.....	51,366 64
Sundry Local Apartados, paid at various ports.....	57,882 58

General Apartados:

1 1/2% old Exterior	
Debt.....	\$25,226 83
1 1/2% War & Navy	25,226 83
1 1/2% Public Works	25,226 84
3% for French claim	15,294 20
	90,974 70
Sundry Local Temporary con-	
cessions.....	8,155 64
Uncollectible Customs — Notes	
returned	1,447 96
Retained by National Bank on	
its debt.....	95,278 96
Balance brought forward from	
year 1894.....	167,468 60
Total Disbursements.....	\$1,786,521 72
Balance: Dr. Gov't.....	\$422,283 56
Cr. Gov't — Pay-	
ment made to S. D.	
Impt. Co. for Con-	
pon, per agree-	
ment (Exhibit D,	
p. 11.).....	\$100,000 00
Payment made to	
S. D. Imp. Co. in	
Fr.-Amer. Recl'n	
Consols @ 40% as	
per contract (Ex-	
hibit C, p. 24.).....	200,000 00
	300,000 00
Balance forward: Dr. Gov't...	\$122,283 56

1896.—JANUARY—JUNE.

RECEIPTS:

General Customs Revenues.....	\$689,233 82
Port Duties \$31,016.75, and Fix-	
ed Duties \$28,047.75.....	59,064 50
3 1/2 % surcharge on Imports....	15,203 78
2% " Stamp duties.	18,533 50

Sales of Stamps and Stamped Paper	25,288 18
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Total Receipts, 1st Semestre..	<u>\$807,323 78</u>
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DISBURSEMENTS:

Budget: to the Gov't direct. ...	\$420,000 00
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Régie: for Exps. of Operation..	15,000 00
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Coupons & Amortzn., 4% Consols (Brussels).	204,049 50
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On a/c Fr. Amer. Reclm. Consols.	118,089 96
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Discts. on Pagarés, Cost Trans., Funds and Int. on monthly balances	31,195 89
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Sundry Local "Apartados" at various ports.....	41,706 15
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General Apartados:

1 1/2% Old Extr. debt.....	\$13,030 45
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1 1/2% War and Navy (now assigned to local creditors as security).....	13,030 45
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1 1/2% Public Works (likewise assigned).....	13,030 45
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3% for French claim.	20,400 11
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	<u>59,491 46</u>
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Local Temporary concessions...	12,845 76
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Dr. Balance bro't forward from Dec. 31, 1895.....	122,283 56
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Total Disbursements, 1st semestre	<u>\$1,024,662 28</u>
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Balance Dr. Government	\$217,338 50
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Cr. Am't refunded by Gov't and applied on coupon.....	200,000 00
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Dr. Balance forward June 30, '96.	<u>\$17,338 50</u>
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1896.—JULY—DECEMBER.

RECEIPTS :

General Customs Revenues.....	\$574,163 36
Port Duties.....	17,118 22
Fixed Duties.....	23,435 01
3 1/2% Surcharge on Imports...	16,282 48
2% Stamp Duties.....	6,888 45
Sales of Stamps and Stamped Paper.....	28,099 12
Total Receipts—(2nd Semestre)..	\$665,986 64

DISBURSEMENTS :

Budget to the Gov't direct....	\$420,000 00
Régie: for Expenses of Opera- tion.....	15,000 00
Annual Commissions.....	1,277 88
On $\frac{1}{2}$ Fr.-Amer. Recl'n. Consols	91,823 28
Discts. on Pagares, Transmission of funds & Int. on Advances.	26,484 90
Sundry Local Apartados.	15,897 81
General Apartados :	
1 1/2% Old Exterior.	
Debt.....	\$1,3957 77
1 1/2% War and	
Navy.....	13,957 77
1 1/2% Public	
Works.....	13,957 77
3% for French claims	16,978 33
	58,851 64
Sundry Local tempo- rary concessions.....	537 17
Repayment Loans :	
Thormann-Bied- ermanns.....	9,184 17
Lluberes-Vicini....	25,040 00
	34,224 17
Miscellaneous	1,412 49

Dr. Bal. bro't forward from June 30th, '96.....	17,338 50
Total Disbursements, 2d. Semestre	<u>\$682,847 84</u>
Balance forward Dr. Gov't.— Dec. 31, 1896.....	\$16,861 20

NOTE.—As shown above, the net revenues for the 2nd semestre of 1896 were insufficient to pay the coupons on the 4% Consols (Brussels bonds), after providing for the Budget and the other charges which had special revenues assigned for their security. The French-American Reclamation Consols had a special security pledged to them which produce sufficient revenue for their interest, and hence they regularly received their interest for this period, as well as before and after.

Consequently the Brussels coupon of Jan. 1, 1897, fell into default, and this occasioned the reorganization of the Foreign Debt under the law of August 9, 1897 (see Exhibit G).

1897—JANUARY—JUNE.

RECEIPTS :

General Customs Revenues.....	\$834,396 27
Port Duties.....	30,089 71
Fixed Duties.....	28,279 22
3½% Surcharge on Imports.....	15,521 67
2% Surcharge Stamps.....	12,898 38
Sales of Stamps & Stamped Paper	25,187 05
Total Receipts 1st Semestre....	<u>\$946,372 30</u>

DISBURSEMENTS :

Budget to the Gov't direct.....	\$420,000 00
Régie for Expenses of Opera- tion.....	15,000 00
Annual Commissions.....	7,490 75
French-Amer. Reclam. Consols.	111,976 03
Discts. on Pagarés, Cost trans- mission of Funds & Int. on Sundry Advances.....	41,243 45

Sundry Local "Apartados"....	73,652 41
General "Apartados":	
1½% Old Extr. Debt. \$13,304.50	
1½% War & Navy.. 13,304.50	
1½% Public Works. 13,304.50	
3% French Claim... 22,095.91	
6% Special for In-	
terior Debt 45,562.65	
½% for Columbus	
Monument 5,650.25	
	113,222 31
Repayment of Loans:	
Thormann—Bieder-	
mann..... \$51,710.06	
Lluberes-Vicini.... 720.00	
Federico-Hohlt.... 40,800.00	
Jno. Hardy..... 5,648.39	
	98,878 45
Railroad Freights & Passages—	
Troops & Officials.....	937 90
Uncollectible Customs—Notes	
Ret'd.....	6,621 20
Miscellaneous	15 12
Dr. Balance bro't forward from	
Dec. 31, '96.....	16,861 20
	\$905,898 82
Credit to Gov't: Repayments	
Made.....	51,756 66
	<u>\$854,142 16</u>
Balance Forward, Cr. Gov't June	
30, '97.	\$92,230 14

[NOTE.—During this period the negotiations for reorganization of the foreign debt continued, resulting (see Law of Aug. 9, 1897, Exhibit G), in a funding of the overdue coupons for this semestre, as well as the last semestre of 1896. Hence, as shown above there is no debit for coupons of the 4% Consols. The Credit balance of \$92,230.14, above

shown, was afterwards taken up in the settlement between the Government and the Companies for other advances made by the latter.]

1897.—JULY—DECEMBER.

Receipts:

General Customs Revenues.....	\$569,649 16
Port Duties.....	17,173 75
Fixed Duties.....	19,590 96
3½% Surcharge.....	14,836 93
2% Stamp Duties.....	11,182 63
P. O. Stamps and Stamped Paper.....	21,488 66
Total Receipts, 2nd Semestre	<u>\$653,922 09</u>

DISBURSEMENTS.

Budget, to the Gov't direct....	\$410,000 00
Régie, for expenses of operation	17,499 99
Coupons and Amortization:	
"Obligations Or de St. Do- mingue 2½%" (Brussels)	188,150 00
Coupons and Amortization "Do- minican Unified 4% Bonds" ..	124,910 00

[Counted only on £1,148,600—
the amount actually issued.
The charge originally made
monthly was on the total au-
thorized issue of £1,500,000,
but the difference was later
adjusted.]

Coupons for July, August and September, paid in October, on French-American Reclama- tion Consols, before conver- sion.....	42,500 00
Discounts on Pagarés, Trans- mission of Funds and Interest on balances	56,682 85
Sundry Local "Apartados", paid at the various ports.....	18,595 82

General "Apartados":

1½% Old External Debt	\$12,129 70	
1½% War and Navy	7,727 22	
1½% Public Works	7,727 22	
3% French Claim	9,874 19	
6% Special Surcharge	20,067 79	
½% Colon Monument	4,359 13	
		61,885 25

Repayment Loan: Lluberes-Vicini	360 00	
Rail Road Passages and Freight	1,953 85	
Uncollectible Customs—Notes returned	47 24	
Miscellaneous	299 23	

Total Disbursements: 2d semestre..... \$92,884 23

Credit Gov't:

Repayment as per agreement	\$29,531 25	
Balance bro't forward from 1st Semestre	92,230 14	
		121,761 39
		<u>\$801,122 84</u>

Balance carried forward: Dr. Gov't. \$147,200 75

1898.—JANUARY—JUNE.

RECEIPTS:

General Customs Revenues	\$816,559 03
Port Duties	39,440 20
Fixed Duties	27,274 05
3 1/2% Surcharge	17,186 91
2% Stamp Duties	17,309 18
Miscellaneous	4 83
Sales of Stamps and Stamped Paper	23,429 42

Total: 1st Semestre... \$941,293 62

DISBURSEMENTS :

Budget : to the Gov't direct....	\$360,000 00
Régie : for Expenses of Operation	20,666 64
Annual Commissions	7,774 28
Coupons : Obligations Or de St. Domingue (Brussels).....	188,149 98
Coupons: Unified 4% Bonds : [Counted on £1,148,600 ; amount actually issued and sold. Originally charged on whole amount of £1,500,000 and difference corrected later.]	124,910 00
Discounts on Pagarés, Cost, Transmission of Funds and Interest on Sundry Balances.	71,760 91
Local "Apartados" : paid at various ports.....	28,437 03
General "Apartados": 1 1/2% Old External Debt	\$13,347 75
1/2% "Colon" Mon- ument.....	5,645 39
	18,993 14
Railroad Freights and Passages.	73 78
Uncollectible Customs—Notes Returned	12,153 05
Differences in Exchange on Brussels Coupons.....	18,822 68
Loss on Remittance.....	2,087 60
Miscellaneous	73 91
Amount to Balance.....	440 12
Balance brought forward from Dec. 31, 1897, Dr. Gov't.....	147,200 75
	\$1,001,543 87
Credit Gov't: Cash Remittances on account Coupon	60,250 25
	\$941,293 62

1898.—JULY-DECEMBER.

RECEIPTS :

General Customs Revenues (In
Dominican "Official" Gold).. \$692,263 99

[NOTE.—During this period the Government was credited further with the sum of \$94,074.99, paid by it in Europe for coupons the previous half-year by its Fiscal Agent, from proceeds of bond sales.]

DISBURSEMENTS :

Budget ; to the Gov't direct....	\$360,000 00
Régie : Expenses of Operation.	21,999 96
Discounts of Pagarés, etc., etc.	18,124 82
Exchange on previous remittances of coupons.....	30,187 27
Sundry Local and General " Apartados ".....	37,931 20
Railroad freights and passages.	1,118 42
Additional Cash to the Government.....	45,000 00
Fluctuations of " Official Gold "	47,359 44
Miscellaneous.....	723 64
Total.....	<u>\$562,444 75</u>

Apparent Balance in favor of
Gov't on transactions of this
Semestre..... \$129,819 24

[NOTE.—The above nominal balance would have properly been applicable, under normal conditions, to the coupons maturing for this period, aggregating \$313,059.98. But at this period began the great depreciation in the currency of the country, then silver and paper, in which alone, the customs were paid to the Régie, although the nominal basis was gold. Further, by January and February of 1899, when drafts for payment of the coupons would

ordinarily have been purchased, the value of the country's currency had fallen so much that the above nominal balance of \$129,819.24 would have had, at the market rate, a purchasing in gold of not more than about \$50,000.00,—even were drafts obtainable for such an amount in exchange for such currency. But this was not feasible on account of the great disturbance in values;—and consequently in exchange. Hence the coupons of the “Obligations Or” (Belgian Bonds), and the Unified Bonds again fell into default. This default has continued ever since: the Government has made no further attempt to make payments upon the Unified Bonds, although a few of the maturing coupons on the “Obligations Or” have since been paid under the Belgian and French Contract of June, 1901 (Exhibit J., pages 45 and 54).

A large part of the paper currency accumulated by the “Régie” was ultimately turned over by it to the Government for incineration.]

1899: JANUARY-JUNE.

RECEIPTS:

General Revenues in “Official”

Gold.....	\$806,293 68
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General Revenues in American

Gold.....	259,304 27
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Total: 1st semestre	<u>\$1,065,597 95</u>
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[NOTE 1. Out of the above item of American Gold, Mr. J. B. Vicini retained \$114,292.86 (from gold duties on his exportations of sugar) for application by him on a debt due him from the Gov't (see page 18 *ante*)].

[NOTE 2. The unusually large total of receipts for this semestre was due to the fact that as the value of the currency fell, the cost of customs duties, payable by the merchants and importers in this cheapened paper, fell correspondingly.

Hence, under the influence of the temptingly abnormal profits so obtainable, they imported largely in advance of their needs, anticipating the certain eventuality that, sooner or later, the Government must require payments of customs in gold : a requirement so decreed before the end of the year].

DISBURSEMENTS :

Budget : to the Gov't direct....	\$360,000 00
Régie : Expenses of operation..	32,278 25
Annual Commissions	8,417 92
Discounts on Pagarés, etc. etc..	35,305 78
Railroad Passages.....	17 05
Unpaid Customs—notes returned	50 00
Sundry Local & General " Apartados" : " Official " gold.....	43,706 60
Sundry Local & General " Apartados" : American gold.....	38,640 74
Repayment Loan—Sr. Leyba...	23,437 31
Redemption of Bank Notes	1,041 11
Coupon paid to Bank of Antwerp.....	14,000 00
Exchange on Coupons of Oct., 1898.....	1,800 00
J. B. Vicini, Loan : Am't retained by him.	114,292 36
Paper Money returnable Gov't : \$600,000.00 @ 2 to 1.....	300,000 00
Fluctuations of " Official " Gold	238,118 90
Miscellaneous	1,726 11
Total : first semestre	\$1,212,832 13

[NOTE.—The sum applicable to the service of the "Régie" was somewhat enlarged, owing to the fall in value of the currency.

A very large part of the "Apartados" were necessarily payable in gold.]

1899.—JULY-DECEMBER.

RECEIPTS :

General revenues : "Official"	
gold	\$73,995 26
General Revenues : American	
gold.	318,580 23
Total : 2nd Semestre.....	<u>\$392,575 49</u>

[NOTE.—In this period, President Henreaux was assassinated; and the Revolution occurred which, in the end, placed Señor Jimenes in the presidential chair. Commerce declined ruinously, there was much disorder and a part of the revenues were seized upon by the military. Upon the restoration of peace the Régie advanced sums necessary to keep the Government afloat (see p. 23 *ante*). Customs were made payable in gold after September.]

DISBURSEMENTS :

Budget to the Gov't Direct :

"Official" Gold....	\$120,000 00	
American Gold.....	240,000 00	
		<u>\$360,000 00</u>
Régie : for Expenses of Operation.....		30,903 93
Discounts on Pagarés, etc., etc.		13,514 98
Exchange on Drafts.....		3,043 33
Sundry Local and General "Apartados" — "official" gold		3,092 42
Sundry Local and General "Apartados" — American gold		15,916 04
Repayment Loan : Sr. Leyba..		3,058 99
Redemption of Bank Notes....		35,453 49
Revenues Seized by Gov't Ministers at Puerto Plata.....		9,596 47
Uncollectible Customs—Notes Returned		10,065 36

Miscellaneous	1,098 40
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Total : 2nd Semestre	<u>\$485,743 41</u>
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1900.—JANUARY—MARCH.

RECEIPTS :

Total General Revenues: 3

Months	<u>\$516,455 63</u>
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DISBURSEMENTS :

Budget: to the Gov't Direct....	\$180,000 00
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Regié: for Expenses of Operation	19,599 29
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Annual Commissions	7,669 60
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Discounts on Pagarés, etc., etc.	12,222 74
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Exchange on Silver	105 62
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Sundry Local & General "Apartados"	51,451 54
--	-----------

Redemption of Bank Notes....	30,657 72
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To J. B. Vicini a/c. "10% Apartado"	2,555 57
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Total 3 months	<u>\$304,262 08</u>
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DETAIL OF SUNDRY LOCAL "APARTADOS" paid
at various ports during the year 1897 :

2% Wharf concession, Santo Domingo...	\$5,626 95
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Part of port duties (to L. Cambiaso),	
---------------------------------------	--

Santo Domingo	10,588 73
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Port duties refunded to French

S/S Line; Santo Domingo...	\$446 08
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Port duties refunded to French

S/S Line; Macoris	5,006 11
	<u>5,452 19</u>

Personal duties: Pilot, Port

Doctor, etc: Santo Domingo.	\$504 64
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Personal Duties: Pilot, Port

Doctor, etc: Macoris	248 00
	<u>752 74</u>

Lighthouse at port of Macoris.....	1,220	12
Wharf concession : Macoris.....	2,590	49
Harbor " " " "	4,641	22
Catholic Cathedral, "	36,913	61
Wharf concession : Azua.....	441	23
" " Puerto Plata	4,169	80
Surcharge of 1c per ton. "	384	51
Government building : Monte Cristi....	916	16
Improvement of River Yaqui: Monte Cristi.....	5,083	63
7% Railroad concession : Sanchez.....	9,976	87
2% " " (Branch Line) Sanchez	2,181	59
Wharf concession : Sanchez.....	1,133	33
" " Samaná.....	175	06
Total.....	\$92,248	23

Details of sundry local "Apartados" paid at various ports during 1896 :

2% Wharf concession : Santo Domingo. .	\$5,992	05
Lighthouse of Macoris	1,044	65
Wharf concession : Macoris.....	1,625	29
Catholic Cathedral: "	25,716	78
Personal dues (Pilot, Port Doctor, etc.): Macoris.....	312	50
Improvement of River Yaqui: Monte Cristi.....	7,026	57
7% Railroad concession : Sanchez.....	12,512	74
2% " " (Branch Line): Sanchez	3,373	38
Total.....	\$57,603	96

**REVENUES OF NORTHERN CUSTOM-HOUSES
OF THE DOMINICAN REPUBLIC FOR 5
YEARS.**

	Monte Cristi.	Puerto Plata.	Samaná.	Sanchez.
1898.....	\$46,948 94	\$490,817 51	\$47,099 55	\$232,081 56
1899.....	39,132 06	467,503 93	20,662 50	203,356 73
1900.....	55,683 83	756,999 73	43,447 37	389,625 37
1901.....	57,422 55	689,604 50	55,938 79	311,633 09
1902.....	29,747 43	605,720 74	53,631 74	232,678 01
Average..	\$45,786 86	\$602,129 68	\$44,155 99	\$271,874 95

**REVENUES OF THE PORTS OF SANTO DO
MINGO AND MACORIS FOR 5 YEARS.**

	Santo Domingo.	Macoris.
1898.....	\$402,172 29	\$335,520 82
1899.....	317,353 65	325,304 58
1900.....	569,287 59	476,588 72
1901.....	584,429 89	376,644 96
1902.....	480,142 67	191,411 42
Average.....	\$470,676 92	\$341,094 10

JOSEPH CURBY STRICKLAND.

Sworn and subscribed to before me, this }
18th day of February, A. D. 1904. }

E. A. MACCLEAN,
Notary Public, N. Y. Co., No 1.

{ NOTARIAL }
{ SEAL. }

State and City of New York, ss.:

I, JOHN T. ABBOTT, of the City of New York, Vice-President of the San Domingo Improvement Company of New York, on oath say the following "synopses" of the Dominican budgets were made by me from the laws creating the same, published in the Official Gazette of said Republic in numbers 1344, 1403 and 1450 thereof, and that said "synopses" are correct; that the following statements of revenues received and expenditures made by said Republic are taken from official returns, statements published by the Dominican Government in the Official Gazette and statements made to me or to my agents by Dominican officials and are true and correct, according to my best knowledge and belief; that the statement of the "salary list" of the Dominican Government was compiled by me from said published budgets, and is correct; that the "approximate statement of the indebtedness" of the Dominican Republic was made up by me from the records of the Improvement and Finance Companies, official publications of the Dominican Government and from my general knowledge of the situation, and that such statement is correct as to the bonded indebtedness, and approximately correct as to the liquidated interior debt, and as to other debts and claims is approximately correct according to the best of my knowledge, information and belief; that the compilation from a report of a Committee of the Treasury was made by me from such report, and is correct; and that all other statements hereinafter made are true and correct according to the best of knowledge and belief

SYNOPSIS OF THE DOMINICAN BUDGET

from

May 1st, 1900, to April 30, 1901.

(Afterwards extended to June 30, 1901.)

President JIMENES.

Estimated total income for the year :

Customs.....	\$1,700,000
Other sources.....	4,500
Total revenues.	\$1,704,500

Under the contract of April 18th, 1900, the Government sets aside 46% of the customs revenues for the service of the public debt and applies 54% of said revenues to the service of the budget, together with the revenues derived from other sources.

54% of \$1,700,000 is.....	\$918,000
Other income is.....	4,500
Total for service of budget..	\$922,500
46% of \$1,700,000 for service of debt	782,000
Total estimated revenues.....	\$1,704,500

APPROPRIATIONS.

Congress	\$44,116
Chief Executive.....	12,216
Vice-President	5,820
Secretary of Interior.....	6,240
Religion	2,400
Official Gazette.....	1,776
District Governments.....	55,932
Canton Governments.....	60,732
Agriculture	9,360
Police and Watchmen.....	48,480

Pensions	2,568
Foreign Office.....	15,720
Minister of Justice.	4,164
Supreme Court.....	9,468
Courts of 1st Instance.....	44,256
Alcaldes	24,444
Prisons	12,756
Public Instruction.....	28,440
Public Works.....	4,320
Treasury, except service of debt	86,616
War.....	310,152
Mails and Telegraphs.....	42,276
Unforeseen expenditures.....	90,248
Total for Budget.....	\$922,500

Service of debt by contract of April 18, 1900, is as follows :	
17% of \$1,700,000, to be paid on interior floating debt.....	289,000
15% of \$1,700,000 to be paid on exterior floating debt.....	255,000
6% of \$1,700,000 to be paid on revolutionary claims.....	102,000
5% of \$1,700,000 to be paid on the "apartados".....	85,000
3% of \$1,700,000 to be paid for expenses of "Regie".....	51,000
Total for service debt.....	\$782,000
For budget, except debt...	922,500

Total appropriations..... \$1,704,500

The operation of the foregoing budget was subsequently extended to June 30th, 1901. Official Gazette. July 6, 1901. No. 1403.

Therefore the estimated revenues contained in the foregoing budget must be increased by two-twelfths.

Above estimates :

Ordinary expenses,	\$922,500	
Add 2/12	153,750	
		\$1,076,250
Service of debt	782,000	
Add two-twelfths,	130,333	
		912,333

Total estimated receipts for
14 months, May 1, 1900,
to June 30, 1901..... \$1,988,583

Actual income :

Total gross receipts for the
first budget period of 14
months, from May 1,
1900, to June 30, 1901.. \$2,938,676 10

Total estimated receipts on
the basis of which the
said budget was made
up..... 1,988,583 00

Surplus of receipts above
estimates..... \$950,093 10

STATEMENT OF THE MANNER IN WHICH THE
REVENUES

from May 1, 1900, to June 30, 1901 (the above-named budget period), would have been distributed, had the Dominican Government fulfilled the provisions of the contract of April 18th, 1900:

54% of \$2,000,000 per year,	11 mo's, Gov't budget	and	
49% of same	8 mo's, Gov't budget		\$1,235,000
3% of same	14 mo's, "Regie"		70,000
5% of same	14 mo's, "apartados"		116,666
17% of same	11 mo's, floating int. debt...		
21% of same	3 mo's, same	' ...	416,667
15% of same	11 mo's, floating ext. debt...		
16% of same	3 mo's, same	...	355,000
6% of same	14 mo's, revolutionary debt..		140,000
			\$2,333,333

Total actual revenues.....	\$2,938,676 10
To be paid as above.....	2,333,333 00

Surplus, gross	\$605,343 10
Deduct percentage for re- demption of bank notes and receipts from various sources	169,028 38

Net surplus for distribution under contract	\$436,314 72
---	--------------

Such surplus would have been distributed as follows :

50% of \$436,314.72 for the Government.....	\$218,157 36
25% of same for 4% interest certificates....	109,078 68
25% of same for interior floating debt.....	109,078 68
Total.....	\$436,314 72

The Government seized the revenues on Jan. 10 1891.

TABLE showing actual amount of cash at disposal of the Dominican Government, for Budget Period, May 1st, 1900, to June 30, 1901—14 months—after paying “*APARTADOS*”, and exclusive of sums paid for *Service of the Debt*.

Total Revenues, Budget Period, 14 mos.....	\$2,938,676 10
Deduct “ <i>Apartados</i> ”, estimated 14 mos.....	100,000 00
Remaining for all purposes.....	\$2,838,676 10
Budget, 14 months, (exclusive of ser- vice of debt) <i>Gaceta</i> , 1344, and table.....	1,076,250 00
Leaves amount available for “ser- vice of debt” and to comply with contract of 1900.....	1,762,426 10

Service of Debt.

Paid on Interior Debt. .	\$234,672 43	
“ Exterior Debt. .	239,603 58	
“ S. D. Imp. Co. interest.....	17,963 09	
Retained for Regie, for expenses of operation.....	60,439 49	552,678 59

Amount received by Government in addition to sum required for Budget, and exclusive of Service Debt.	1,209,747 51
Budget, 14 months, exclusive of Service Debt.....	1,076,250 00

Total received by Government exclusive of sums paid for “ Apartados ” and for Service of Debt. \$2,285,997 51

And yet no payments were made on the debt, Interior or Exterior, during the last six months of that Budget Period—but the Minister of Hacienda admits in his Report of February 24, 1902, (Official Gazette, 1484), that there existed on June 30, 1901, a *deficit* of..... 73,151 74

SYNOPSIS OF THE DOMINICAN BUDGET

from

July 1st, 1901, to June 30, 1902.

(afterwards limited to May 31, 1902)

President JIMENES.

Estimated total income for the year :

Customs.....	\$2,000,000
Other sources.....	38,440

 Total estimated revenues. \$2,038,440

The Government sets aside for
the service of the public debt
the sum of \$800,000 of the cus-
tom revenues.

Customs.....	\$2,000,000
Deduct for service debt....	800,000

 \$1,200,000

Add income from other sources.....	38,440
---------------------------------------	--------

 Total for service of budget..... \$1,238,440

Total for service of debt.. 800,000

 Total estimated revenues..... \$2,038,440

APPROPRIATIONS.

Congress.....	\$47,596
Chief Executive.....	14,496
Vice-President.....	6,720
Secretary of Interior.....	7,356
Religion.....	2,400
Official Gazette.....	1,776
District Governments.....	73,560

Canton Governments.....	75,492
Police and Watchmen.....	97,956
Pensions.....	8,868
Foreign Office.....	16,584
Minister of Justice.....	4,884
Supreme Court.....	10,680
Courts of 1st Instance.....	55,108
Alcaldes.....	32,160
Prisons.....	22,524
Public Instruction.....	49,026
Public Works.....	56,984
Treasury, except service of debt.....	117,756
War.....	439,124
Mails and Telegraphs.....	51,792
Unforeseen expenditures.....	45,598
Total for budget.....	\$1,238,440
For service of debt.....	800,000
Total appropriations.....	\$2,038,440

THE REVENUES FOR THE BUDGET PERIOD FROM

July 1st, 1901, to May 30th, 1902, 11 months, distributed according to the contract of 1900, would have been paid out as follows :

Total revenue, 11 months.....	\$1,599,566	22
Deduct differential duties.....	87,621	31
To be distributed as per contract....	\$1,511,944	91
45 % of \$1,511,944.91 for Government budget..	\$740,858	05
21 % of same for floating int. debt.....	317,508	45
16 % of same for floating ext. debt.....	241,915	20
3 % of same for Regie..	45,348	35
5 % of same for "apar- tados".....	75,597	25

6 % of same for revolutionary debt.....	90,717 61	\$1,511,944 91
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Instead of which the Government received for all purposes the sum of \$1,584,566, being the total income less \$15,000 paid to the employes of the Regie from July 1st to Dec. 30th, 1901.

During this period the Government paid nothing on the floating interior debt or the floating exterior debt, but did pay \$175,000 in 1901 on the contract of June 3d, 1901, with the Belgians and French, and also \$70,551.91 for the same purpose in 1902, prior to May 30th of that year.

Total revenue for 11 months.....		\$1,599,566 22
Paid Regie.....	\$15,000 00	
Paid under Belgian contract.....	245,551 91	260,551 91
Total received by Government, exclusive of what it paid for service of debt.....		\$1,339,014 31

And yet a member of Congress, in February, 1902, made the charge on the floor of the House that in December, 1901, there was a deficit of \$431,740, when there should have been an available balance of \$356,620.57, as he claimed.

The Minister of the Treasury vigorously denied the assertion that any available balance existed, but did admit, in his report to Congress, that a deficit existed of \$184,623.49.

The issue between the Member of Congress and the said Minister was debated until March 17th, 1902, when Congress passed a vote of censure against the President of the Republic for the manner in which the public revenues had been expended under his authority.

SYNOPSIS OF THE DOMINICAN BUDGET

from

JUNE 1ST, 1902, TO MAY 31, 1903.

President VASQUEZ.

ESTIMATED TOTAL INCOME FOR THE YEAR.

Customs.....	\$1,854,000
Other sources.....	56,000
Total estimated revenues.....	\$1,910,000

APPROPRIATIONS.

Congress.....	\$17,776
Chief Executive.....	9,588
Secretary of Interior.....	5,076
Religion.....	1,500
Official Gazette..	1,440
District Governments.....	42,902
Canton Governments.....	62,700
Agriculture....	4,320
Police.....	66,240
Pensions.....	5,328
Foreign Office.....	10,728
Minister of Justice.....	3,084
Supreme Court.....	6,852
Courts of 1st Instance.....	37,620
Alcaldes....	23,208
Prisons	25,320
Public Instruction.....	23,628
Public Works.....	12,528
Treasury, except service of debt.....	85,308
War.....	418,828
Mails and Telegraphs.....	58,212
Unforeseen expenditures.....	66,731
Total for budget.....	\$988,917

SERVICE OF DEBT.

Belgian bonds, as per contract, June 3, 1901.....	\$300,000
Improvement Company 8% of custom revenues	146,666
Interior debt.....	148,042
Revolutionary debt.....	80,000
Debts of last administration..	40,375
Agents in Europe	17,500
Redemption of bank bills....	100,000
" Apartados "	76,500
Port dues receivable in bank bills.....	12,000
Total for service of debt.....	\$921,083
Total for budget.....	988,917
Total appropriations.....	\$1,910,000

THE REVENUES FOR THE BUDGET PERIOD
FROM

June 1st, 1902, to May 31st, 1903, 12 months, were as follows :

Total customs revenues	\$1,623,575.34
From other sources (estimated).....	40,000.00
Received by the Government for all purposes	\$1,663,575.34
Payments for service of debt :	
French-Belgian contract \$ 81,555.67	
United States, protocol. 18,750.00	
Interior floating debt... 127,394.49	
	227,700.16
Total receipts, exclusive of what was paid for service of debt.....	\$1,435,875.18

The above data have not been officially published, but are all taken, except the estimated income from other than customs revenues, from the official Dominican records and were furnished by Dominican officials.

The Improvement Company has no information showing the receipts of the Dominican Government since June 1st, 1903.

FRENCH-BELGIAN CONTRACT.—Nothing has been paid on this contract since May 31st, 1903, unless a small sum was paid in the autumn, in accordance with a temporary arrangement then made with the Belgian-French representative. The Company has no report showing whether this arrangement was fulfilled by the Government or not. The arrangement called for the payment of \$25,000 between September and December 31st.

UNITED STATES PROTOCOL.—The above-named sum of \$18,750 is all that has been paid on this obligation.

INTERIOR FLOATING DEBT.—The service of this debt was suspended by the Government in September, 1903. The Company has no information how much was paid on this debt between May 31st, 1903, and the date of suspension. It would amount to 10% of the revenues pledged by the contracts (Exhibits K & L).

COMPILATIONS FROM THE REPORT OF THE "COMMITTEE OF THE TREASURY" made to the Provisional Government of Gen. Woss y Gill, July 13, 1903. (*Official Gazette*, No. 1502.)

Outstanding floating obligations contracted by the Government of President Jimenes.....	\$73,586 47
Same contracted by the Vasquez Government....	108,637 22
Total.....	\$182,523 69

THE INCOME FROM MAY 1, 1902, to
MARCH 31, 1903, is stated to be... \$1,700,576 55

EXPENDITURES FOR SAME TIME.

Civil purposes (not specified)	\$358,680 60
War purposes (not specified).....	241,206 58
Extraordinary expenses (not specified).....	271,507 77
Revolution of April, 1902.....	59,064 56
Revolution of Navarro.	79,049 49
Indemnity to Sala & Co.	50,000 00
General expenditures (not specified).....	47,817 90
San Domingo Improvement Co.....	18,750 00
Concessionaires.....	22,965 07
Debt "extrangera" (an "apartado").....	15,482 82
Floating interior debt..	101,338 52
Foreign bonded debt...	60,888 17
Deferred debt.....	31,145 73
Burning bank bills....	59,651 37
Maintenance administrations "Hacienda"	251,124 95
Minor expenses.....	20,395 33
Cash on hand.....	11,507 69
	----- \$1,700,576 55

The report states that the Vasquez Government contracted a loan with Ariza, Moya & Grieser, Jan. 3, 1903, for \$36,836.28, and another with Loinaz & Co. for \$6,708.91, making \$43,545.19 for which Government obligations were given.

SALARY LIST OF DOMINICAN GOVERNMENT.

Compiled from the official budgets from May 11, 1900, to May 31, 1903.

Persons.	1900-1901.		1901-1902.		1902-1903.	
	Salaries.		Persons.	Salaries.	Persons.	Salaries.
CONGRESS.						
24 Deputies.....	\$43,200		24	\$43,200	24	\$17,280
4 Clerks.....	816		4	1,440	4	440
1 Employee.....	60		1	108	1	36
Mileage		44,076		2,488		\$17,756
				\$47,236		
29			29		29	
EXECUTIVE.						
1 President.....	9,000		1	10,800	1	7,200
1 Secretary.....	1,560		1	3,696	1	1,200
3 Officers.....	1,440				2	960
2 Employees.....	216	\$12,216	2		1	108
				\$14,496		\$9,468
7			4		5	
VICE-PRESIDENT.						
1 Vice-President.....	3,600		1	4,200		
1 Secretary	720		1	720		None.
5 Officers.....	1,500	\$5,820	6	1,800		
				\$6,720		
7			8			
SECRETARY OF INTERIOR.						
1 Secretary.....	3,000		1	3,300	1	2,040
1 1st Asst.....	600		1	720	1	480
1 1st Asst. Sp	600		1	720	1	480
1 Keeper records.....	600		1	720	1	480
2 Officers	540		3	900	4	852
1 Interpreter.....	600		1	720	1	480
2 Employees.....	300	\$6,240	2	240	1	108
				\$7,320		\$4,920
9			10		10	
GOVERNORS.						
12 Governors..	18,900		12	18,900	12	15,120
12 Secretaries....	3,300		12	4,680	12	3,240
106 Assts. & Ofcs... ..	24,216		120?	36,060	80?	16,916
9 Employees.....	636	\$47,052	12	936	4	882
				\$60,576		\$36,158
139			156		108	
COMMUNES & CANTONS.						
53 Chiefs.....	16,800		54	24,720	54	15,168
53 Secretaries.....	5,352		54	5,640	54	6,288
53 Assistants.....	5,508		54	7,044	54	7,008
370 Officers & Policemen.	30,252	\$57,912	441	35,736	351	30,840
				\$73,140		\$59,304
539			603		513	

Persons	1900-1901.		1901-1902.		1902-1903	
	Salaries		Persons.	Salaries.	Persons.	Salaries.
AGRICULTURE.						
12 Inspectors.	5,760				12	4,320
12 Sub-Inspectors	3,600					
Railroad Insps.		\$9,360			1	600
24					13	
POLICE.						
6 Chiefs.	2,280		12	4,920	3	1,500
4 Assts	1,260		4	1,260	3	840
7 Commrs.	1,560		18	2,004	18	3,660
12 Sectys.	1,416		12	1,644	12	1,500
164 Officers & Agts.	26,400		198	29,304	173	22,980
Inspectors			12	5,760		
Sub-Inspers.		\$32,916	200	12,000		\$30,480
193			451		209	
NIGHT WATCHMEN.						
1 Commander.	600		4	1,930	4	1,560
3 1st Officers.	720		3	780	3	780
3 Chiefs.	1,200				11	2,700
3 Secretaries.	360		3	360	9	888
2 Corporals.	336		2	384	2	860
90 Watchmen.	11,520		105	15,600	177	20,424
Service in towns; no details given.				4,800		3,600
Delegation in the Cibao.				1,800		1,800
Sergeants and Aids.		\$14,736		\$25,644	11	864
102			117		217	
PENSIONS.						
20 Pensions.	2,568	\$2,568	71	8,868	55	5,328
20			71		55	
CABINET.						
6 Ministers.	18,000		6	19,800	6	12,240
6 First Officers.	3,600		6	4,320	6	2,880
11 Assistants	3,384		11	4,560	12	3,444
6 Employees.	720		6	864	6	648
Sub-Sec'y			1	1,800		
? Officers under War Department.		\$25,704		\$31,844	?	2,400
29			80		80	

Persons	1900-1901.		1901-1902.		1902-1903	
	Salaries.		Persons.	Salaries.	Persons.	Salaries.
LEGATIONS & CONSULATES.						
1 Legation	6,600		1	4,800	1	5,700
7 Consulates	4,580	\$11,160	9	6,660	8	1,680
8			10		4	\$7,380
SUPREME COURT.						
5 Judges	6,540		5	7,200	5	4,560
1 Att'y Gen.	1,740		1	1,920	1	1,200
1 Secr'y	540		1	720	1	360
2 Clerks	860		2	480	2	824
2 Constables	288	\$9,468	2	300	2	288
11			11		11	\$6,73
COURTS OF FIRST INSTANCE.						
7 Presidents	6,240		9	9,000	12	7,440
14 Associates	7,080		18	11,040	18	6,720
5 Judges 1st Instance...	3,960		3	2,760		
12 Judges of Instruction.	7,980		12	10,260	9	6,120
12 Dist. Att's	10,200		12	11,760	12	7,440
24 Secretaries	5,160		24	7,820	24	5,184
7 Clerks	1,020		13	2,604	11	1,620
12 Constables	1,296	\$42,936	6	900	12	1,892
93			97		98	\$35,916
ALCALDES.						
60 Alcaldes	11,868		63	16,008	64	10,860
60 Secretaries	5,186		63	7,260	64	5,876
60 Constables	3,800	\$20,804	63	4,512	64	3,276
180			189		192	\$19,512
PRISONS.						
1 Chief	360		1	420	1	300
13 Wardens	2,580		13	3,168	13	2,582
12 Assistants	1,464		12	2,184	13	1,572
2 Employes	192	\$4,596	2	192	3	216
28			28		30	\$4,620
PUBLIC INSTRUCTION.						
1 Rector	960		1	1,080	1	540
7 Professors	3,860		8	4,800	8	3,072
1 Secretary	180		1	300	1	180
5 Students abroad	3,600		7	4,680		
2 Employes	168		2	192	2	156
1 Inspector Gnl.	2,400		1	2,400	1	1,800
Pensions Teach's ...			10	3,840		
Civil Off's			2	720		
Students Int'r		\$10,668	10	3,000	10	2,760
17			42		23	\$8,508

Persons	1900-1901.		1901-1902		1902-1903	
	Salaries.		Persons.	Salaries.	Persons.	Salaries.
BOARD OF ACCOUNTS.						
5 Members.....	3,000		5	4,200	5	3,000
1 Secretary.....	300		1	420	1	240
1 Clerk.....	120		1	180	1	120
1 Employee.....	96	\$3,516	1	144	1	72
8			8		8	
GENERAL ACCOUNTING OFFICE.						
1 Chief.....	1,440		1	1,800	1	1,820
6 Officers.....	2,640		6	3,840	6	3,216
1 Employee.....	120	\$4,200	1	120	1	108
8			8		8	
STATISTICS.						
1 Chief.....	600		1	1,200	1	780
Assistants.....			2	1,920	2	1,200
Officers.....			1	720	1	540
Employee.....		\$600	1	120	1	108
1			5		5	
ADMINISTRATIONS OF HACIENDA.						
11 Administrators.....	8,100		11	10,500	11	7,260
11 1st Assts.....	4,630		11	5,880	11	4,380
8 2d Assts.....	2,100		9	3,180	10	2,760
18 other employees.....	3,216	\$18,096	25	5,232	25	4,020
48			56		57	
CUSTOM HOUSE FORCE.						
8 Collectors.....	11,460		8	15,540	8	12,240
8 1st. Ofc's.....	4,860		8	6,960	8	4,920
15 2d. Ofc's.....	5,280		18	8,040	13	5,160
18 Officials.....	6,060		17	6,960	24	5,844
108 Employees.....	15,810	\$43,470	106	19,536	84	12,960
157			157		187	
DELEGATES OF "HACIENDA".						
45 Delegates.....	7,288	\$7,288	46	7,200	48	5,616
45			46		48	
FISCAL AGENTS.						
Agents Int'r.....			3	1,800	3	1,440
European Agt.....					1	1,500
Bondholders Agt.....					1	10,000
			3		5	
PRESIDENT'S STAFF.						
18 Officers.....	5,400	\$5,400	20	7,440	14	5,400
18			20		14	

Persons	1900-1901.		1901-1902.		1902-1903	
	Salaries.		Persons.	Salaries.	Persons.	Salaries.
" COMANDANCIAS DE ARMAS "						
12 Commanders.....	7,680		12	9,240	12	7,440
12 Secretaries.....	1,788		12	1,518	12	1,956
18 Aids.	2,208	\$11,676	12	1,674	15	8,480
				\$12,432		\$12,876
37			36		39	
ARSENALS & FORTS.						
36 Officers & Men.....	7,428	\$7,428	38	8,628	37	6,864
				\$8,628		\$6,864
36			38		37	
HEALTH, LIGHTHOUSES, etc.						
24 Officers & Men....	5,016	\$5,016	18	2,400	18	4,440
				\$2,400		\$4,440
24			18		18	
MILITARY HOSPITALS.						
10 Employes.....	2,424	\$2,424	20	6,396	16	3,576
				\$6,396		\$3,576
10			20		16	
MILITARY BANDS.						
? 12 Bands	28,740					
21 Bands.....			?	42,180		
12 Bands		\$28,740			?	27,000
				\$42,180		\$27,000
?			?		?	
ELECTRIC PLANT.						
Employes.....					4	1,440
						\$1,440
					4	
CUSTOM HOUSE FRONTIER FORCE.						
Chiefs.....			13	4,068		
Secretaries.....			5	660		
Aids.....			8	360		
Employes.....			57	4,848		
				\$9,936		
			78			
STANDING ARMY.						
1 Colonel... ..	540					
Lt Colonel.....			1	600	1	540
1 Commander.....	420		7	3,780	4	1,920
13 Instructors.....	4,020		12	5,040	8	8,120
51 Ensigns.....	12,240		6	1,800	38	10,032
2 Bandmasters.....	860					
23 Captains.....	7,920		32	14,610	26	11,040
26 Lieut's....	7,800		76	24,300	31	8,912
87 Sergts... ..	10,968		100	13,500	106	13,248

Persons	1900-1901.		1901-1902.		1902-1903	
	Salaries.		Persons.	Salaries.	Persons.	Salaries.
32 Drummers... ..	2,448		50	4,800	45	4,844
1 Director of Mil School.....	600		1	840		
1 Secretary.....	860		1	800		
24 Cadets.....	2,880		36	10,800		
Officers... ..			3	1,560		
47 Cornets.....	4,128		88	9,226	52	5,100
11 Chiefs Corps.....	4,476					
11 Minor Officers	2,508				4	836
207 Corporals & Soldiers.	87,482	\$149,150	1501	145,453	1478	143,628
				\$236,614		\$202,420
1537			1914		1793	
AUXILIARY ARMY.						
14 Chiefs.....	3,432					
5 Secretaries.....	600					
8 Aids... ..	860					
74 Men... ..	4,704					
Commanders.....			12	3,240		
Captains.		\$9,096	48	10,800		\$14,040
96			60			
RESERVE CORPS.						
100 Officers.....	18,000	\$18,000	100	12,000		\$12,000
100			100			
PORT OF SANTO DOMINGO.						
1 Commander.....	720		1	1,320	1	900
1 Aid.....	300		1	480	1	300
1 Secretary.....	180		1	240	1	240
2 Pilots.....	288		2	360	2	288
Instructor.....			1	360		
Officer.....		\$1,488	1	300	2	480
5			7		7	\$2,208
PORTS.						
7 Captains.....	2,760		8	3,720	8	2,580
3 Aids.....	1,080		3	1,080	2	600
6 Secretaries.....	864		6	864	6	864
12 Pilots.	1,512		10	1,368	10	1,008
62 Rowers... ..	4,464		70	5,040	52	3,648
2 Guardians.....	360					
Commissaries.....			2	720		
Agents.....			6	648		
1 Captain.....	360		1	450		
2 Lieutenants.....	600		2	660		
4 Ensigns.....	960					

Persons	1900-1901.	1901-1902.		1902-1903	
	Salaries.	Persons.	Salaries.	Persons.	Salaries.
1 Instructor.....	860	2	264		
5 Sergts.....	624	4	420	2	216
4 Corporals.....	336	1	96		
8 Cornets.....	216				
1 Officer.....	240				
70 Marines.....	5,040	20	1,920	14	1,844
			\$17,250		\$10,260
183		185		94	
NAVY.					
2 Commanders ..	2,400	2	2,400	3	3,420
2 1st. Officers.....	1,800	2	1,920	2	1,800
2 2d Officers.....	1,200	2	1,320	2	1,200
7 Officers.....	2,220	6	2,280	6	1,920
2 Capt. Art'y.....	600	2	900		
6 Ensigns.....	1,152				
4 Corporals.....	834	4	480	8	624
14 Boys, &c	1,176	12	1,056	10	960
Engine corps.....	8,400	?	8,400	14	10,420
Lieutenants.....		6	2,280	4	1,200
Marines.....		56	2,880	44	2,112
Cruiser <i>Colon</i>		?	4,820		
			\$28,236		\$23,656
39		92		98	
TELEGRAPHS.					
39 Employees.....	7,190	37	9,288	39	7,584
			\$9,288		\$7,584
39		37		39	
POSTS.					
1 Postmaster-General.	1,200	1	1,500	1	960
1 Assistant.....	600	1	720	1	480
8 Heads Dpts.....	960	8	1,320	2	960
2 2d Officers.....	360	4	1,200	3	792
6 Employees.....	888	5	1,092	8	1,392
12 Principal P. M.....	3,738	12	6,300	12	4,260
26 Officers.....	3,118	23	4,128	27	2,976
24 Employees.....	936	26	1,428	23	960
4 Agencies.....	432	11	1,320	13	1,152
			\$19,008		\$13,932
79		85		89	
8895 Totals.....		\$781,850 4,777		\$999,176 4,058	\$716,050

APPROXIMATE STATEMENT OF THE INDEBTED-
NESS OF THE DOMINICAN REPUBLIC AND
THE SECURITY THEREFOR.

Bonds, both classes.....	£3,885,850	
Deduct bonds to be de- livered to the Gov- ernment under the protocol, say.....	825,000	
Balance outstand- ing	£3,060,350 @ \$4.85	\$14,842,697
Secured by general mortgage of the revenues and by the special pledge of \$300,000 per annum to be collected from the custom houses of Santo Domingo and Macoris. Exhibit J, p. 34.)		
Improvement Com- pany debt.....		4,500,000
Secured by general mortgage of the revenues, as to that part thereof represented by the £825,000 of bonds. All to be secured in such form as the arbitral commission may decide.		
Floating interior debt, general.....	1,674,644	
Secured by 5% of general revenues. (Exhibit K.)		
Floating interior debt, special.....	1,552,900	8,227,544
Secured by 5% of general revenues. (Exhibit L.)		

Bills of the National Bank, in process of redemption, about (nominal)	\$1,500,000	
Average rate, at which \$2,467,211 nominal, have been redeemed, is about 7 for 1.		215,000
International claims recently liquidated—		
With Germany	196,534	
Security, for \$96,534, floating interior debt certificates. (Exhibit K.) For \$100,000, unsecured notes of the Government.		
With Italy and Spain	176,612	873,146
Security, 5% of general revenues.		
Revolutionary claims, not embraced in contracts (Exhibits K and L), since the movement which resulted in the death of President Heu-reaux, in 1899. These claims are not for expenses incurred by the Government but for those incurred by the different revolutionary leaders for money borrowed from local merchants and others, usually at extortionate rates		

of interest, commissions and bonuses. The amount of these claims is unknown nor can it be stated, with certainty, whether any large per cent. of the same can be called legitimate.

Interior unclassified debt. This consists of Government loans from local merchants and others for money with which to fight revolutionists or for other purposes. Rates of interest, commissions and bonuses are usually extortionate. Amount unknown. A large proportion of these loans should be disallowed. A list of some of these loans, with a statement of the security therefor, is given on page hereof. It may be stated generally that the total of the claims falling under this and the previous heading ought not to exceed.....	1,000,000
Deferred debt, so called, on which practically no payments have been made for many years, bears no interest and has no security. Due to Dominican citizens. No accurate record exists of its amount and in practice it has been treated as stale.	
Due and unpaid interest under the Belgian contract (Exhibit J, p. 34), about.....	475,000
Due and unpaid installments under the protocol with the United States for benefit of the Improvement Company	225,000
	\$24,648,887

Debts paid by "apartados." The amount of these debts is of no importance in this proceeding, because each has its security, which has always been recognized in all contracts made with creditors, as entitled to practical priority of payment, *i. e.*, percentages of revenues are calculated upon the sums remaining after the payment of the "apartados." The American companies concede this priority as due to the following:

SPECIAL "APARTADOS."

Port of Samana.

Wharf concession.

Old Foreign debt, 1 and 1/2% of import duties

Colon, 1/2% on import and export duties.

Port of Sanchez.

Wharf concession.

Samana-Santiago railway concession, 7% of import duties.

Macoris branch railway concession, 2% of customs receipts.

Old Foreign debt, 1 and 1/2% of import duties.

Colon, 1/2% import and export duties.

Port of Puerto Plata.

Wharf concession.

Freight concession.

Personal duties.

Old Foreign debt. 1 and 1/2% of import duties.

Colon. 1/2% of import and export duties.

Port of Monte Cristy.

Improvement river Yaque. Concession.

"Gobernacion." Concession.

Old Foreign debt. 1 and 1/2% of import duties.

Colon. 1/2% of import and export duties,

The "apartados" charged upon the other ports are of no importance in these proceedings and so are not stated.

The companies do not consent that the differential duties for the amortization of bank bills, or the "apartados" created since April 18, 1900, for the payment of loans or claims, shall have priority over their security.

Compilation from the report of a Committee of the Treasury,

appointed by the present Government of Santo Domingo on Dec. 3, 1903, to examine and pass upon the validity of the contracts made by the Government of President Woss y Gil. Report dated Dec. 18, 1903 and published in the Official Gazette, Dec. 19, 1903, No. 1521.

The first contract mentioned in the report is numbered 9.

9. Contract of May 1, 1903, with Santiago Michelena for a loan of.... \$18,600 00
Interest 2% monthly, besides a commission of 1% upon the sums collected by the lender from the customs dues at the port of San Domingo City, which are pledged as security. Debt paid except \$3,461.64, which was incorporated in contract No. 12.
10. Contract of May 26, 1903, with Ariza, Moya & Grieser for..... 26,836 00
being balance due on contract No. 7 made with Government of Vasquez. This sum was subse-

quently reduced to \$17,603.26 and transferred to Contract 34. Interest not stated.

11. Contract of April 28, 1903, with Ariza, Moya & Grieser, to discount obligations for duties received at the port of Sanchez, at the rate of 2%.
12. Contract of June 1, 1903, with Santiago Michelena for a loan of 26,000 00
Interest and security as in No. 9.
This loan has been repaid.
13. Contract of June 18, 1903, for furnishing supplies for the men of war. Security on import duties.
14. Contract of June 18, 1903, with Juan Parra Alba for loan of 20,000 00
made up of cash, \$12,000, obligation of the Jimenes Government, \$4,000 and \$10,000 of the bank bills, first emission, valued at \$4,000. Interest 1 and 1/2% a month. Security, 75% of the duties for which lender may become liable.
The further sum of \$9,676.44 is recognized as due the lender to be paid by 25% of the duties for which the lender may become liable 9,676 00
15. Contract of June 27, 1903, with Pablo Baez Lavastida, for the establishment of a line of schooners to Curacao.
16. Contract of July 1, 1903, with Rodolfo Pinedo for a loan of 12,000 00
Interest not stated. Security 88% of the duties at the port of San Domingo, for which lender may become liable. Loan paid.

17. Contract of June 29, 1903, with Ricart, Biedermann & Co., for a loan of..... 5,000 00
Interest 1% monthly. Security 88% of the duties at the port of San Domingo, for which lenders may become liable. Loan paid.
18. Contract of July 1, 1903, with Pedro A. Ricart, for a loan of..... 19,338 00
made up of \$5,000 cash, \$5,000 for bank bills, \$2,000 for deferred debt obligations, and \$7,338 of treasury notes to be paid by duties. Interest not stated. Security 66% of duties at port of San Domingo, for which lender may become liable.
19. Contract of June 22, 1903, with Bartolo Bancalari, Italian subject, recognizing his claims against the Republic for the sum of..... 202,700 00
Security, 12% of such duties at the port of Samana as belong to the Government to pay \$100,000. Balance secured by adding the same to the foreign debt, so called, served by the "apartado" of 1½%.
No number. Contract of July 4, 1903, with Oreste Savina, Minister Resident of Italy, for settling claims of various Italian subjects in the sum of..... 176,612 00
20. Contract of July 10, 1903, with Santiago Michelena for a loan of..... 15,000 00
Interest and security same as previous contracts with him. Loan paid.
21. Contract of July 18, 1903, with the successors of J. B. Vicini, for... \$250,278 26

Interest 3% annually. Made up of sum recognized by Congress, April 18, 1902, \$127,908.50; amount of judgment of Nov. 23, 1901, \$20,000; "other accounts recognized by the Government," \$102,374.72.

Security, pledge of 75% of the port dues for which the Vicinis may become liable at the ports of San Domingo, Azua and Macoris until the sum of \$200,000 be paid, and thereafter 50% of same dues, until the balance of \$50,278.26 be paid. Amount paid on this claim, \$556.08.

22. Contract of July 22, 1903, with the Hamburg American Line of steamers. Port dues remitted. Company to pay and did pay to the Government \$48,000.

23. Contract of July 23, 1903, with Juan B. Vicini Burgos for..... 80,000 00
Interest 1% monthly, compounded semi-annually. Made up of loans and advances in 1902, \$15,398.71 and of sums recently loaned to the Gil Government.

Security, pledge of sugar duties.

24. Contract of July 13, 1903, with Manuel Menendez, for..... 5,000 00
Loan to Jimenes Government of \$1,300 and to Gil Government of \$3,700. Interest and security not stated.

25. Contract of July 29, 1903, with J. de Lemos for hemp machinery, roman cement, bricks and lumber. Price..... 12,900 00
Interest, 9% per annum. Security, 25% of income from lotteries. If

not effective, lender may retain 25% of any duties for which he may become liable. Paid on this contract, \$2,987.50, but no part of goods delivered.

26. Contract of July 29, 1903, with Pedro A. Lluberes for..... 210,000 00

As compensation for all claims in his favor for the Government's non-fulfillment of the concession to Enrique Dumois, Oct. 29, 1896, and for the property and rights belonging to said concession. Interest not stated. Security, a new surcharge of 3-1/2 cents on each gallon of petroleum imported, pledged to Lluberes.

Congress suspended this contract and the Provisional Government has repealed the decree creating the surcharge.

27. THE FOLLOWING IS A TRANSLATION OF THE REPORT ON THIS CONTRACT:

A contract was made between Mr. Jose Brache, Minister of the Treasury and Commerce, and Messrs. Peynado & Henriquez, of this city, on July 30th, the essential terms and stipulations of which are as follows:—

Art. 1st. "Mr. Francisco J. Peynado, in the name of Messrs. Peynado & Henriquez, loans to the Government of the Republic the sum of thirty thousand dollars, American gold, the receipt of which on this day the Minister of the Treasury, in the name of the Government of the Republic, hereby acknowledges and herewith discharges the lenders on account thereof."

Article 2d fixes 1 per cent. as the monthly rate of interest on the sum of thirty thousand dollars and obligates the National Government to pay the loan

in manner following: \$7,006 on Aug. 30; \$8,994 on Sept. 30; \$7,000 on Nov. 15; \$7,844.94 on Dec. 30, 1903, making a total of \$30,844.94.

The same article provides that the General Accounting Office of the Treasury shall issue obligations for these installments, payable to bearer, at the times when they respectively become due, notwithstanding the provisions of Article 4th, whereby the lenders are left in possession of certificates of the interior floating debt to the amount of \$186,200; these certificates being national property and being on deposit with the Committee charged with the service of that debt, and being delivered as a pledge to secure the payment of the principal and interest; "so that, if, on the date when the last installment falls due, all the obligations payable to bearer shall not have been paid, Messrs. Peynado & Henriquez, or whoever has their right, can take and sell as many of said certificates as may be necessary to cover all such unpaid obligations as the Dominican Government may then be owing." Furthermore, the dividends, payable for interest and sinking fund on the certificates for the \$186,200 thus pledged, are made available to strengthen the security until the total cancellation of the debt. The date of the contract is July 30, but the report of the Minister of the Treasury to Congress, made on the 31st, makes no reference thereto.

Moreover, letter No. 18, sent by the said Minister to the Central Office on the 8th of August (ten days after the contract was signed), completely contradicts the statement "the receipt of which on this day * * * hereby acknowledges," referring to the \$30,000, and other evidentiary documents, hereinafter copied, permit no doubt as to the manner in which the said sum was received by the General Accounting Office of the Treasury.

The letter No. 18 says: "To the Auditor: In view of the contract made by the Government with Messrs. Peynado & Henriquez, which was notified to the Central Office July 31st last, you will be kind

enough to request the Administrator of the Treasury in this Province to come to an understanding with these gentlemen for the collection of the sum referred to in said contract."

In fulfillment of that order, the following obligations were delivered to the Administrator of the Treasury:

The account of J. M. Giordani against the Republic:

Expenses for travelling, publicity and propaganda in Puerto Rico and Hayti	\$1,057 00
Expenses for same purposes in New York from July 7 to Dec. 25, 1902.	1,800 00
Expenses of trip to Europe, telegrams, etc.....	3,750 00
Expenses in New York from Apr. 6 to May 4, 1903.....	250 00
Total	\$6,857 00
Double the same (100% premium), as agreed upon for all advances for the revolution.....	\$13,714 00
Paid expenses, etc., of J. I. Jimenes in Puerto Plata.....	60 00
Cash to Don Juan in Sanchez.....	300 00
	\$14,074 00

(Signed) J. M. GIORDANI.

Approved.

(Signed) J. I. JIMENES.

A receipt, which reads as follows:

"I declare, by the present document, that I have received from Mr. Rodolfo Sedano the sum of \$3,500 for the expenses of the revolution in this country against the Provisional Government of General Horatio Vasquez, and in my capacity as Chief of that revolution, I agree to pay said Sedano, upon the success of the revolution, double the amount re-

ceived, that is, the sum of \$7,000. If for any reason, such payment cannot be made at once, it is agreed that the whole sum of \$7,000 shall bear interest at the rate of 1% until its payment.

NEW YORK, April 15th, 1903.

(signed) J. I. JIMENES,
Chief of the Revolution."

An account of Mr. J. M. Jimenes against the State, with his signature as the only authorization, July 5th, 1903.

Delivered, it reads, by order of J. I. Jimenes, to Gen. Francisco Baez..	\$2,000 00
Distributed among various persons during the seige.....	2,600 00
Sent to J. I. Jimenes during his year of absence from the country.....	2,350 00
	\$6,950 00

These three documents, of no legal value, making a total of \$28,024, and orders of the Minister of the Treasury for \$1,976, to be applied for the payment of extraordinary expenses, make up the sum of \$30,000, American gold, accruing to the public treasury as a result of said contract. These documents were sent to the Administrator of the Treasury under invoice No. 103 for the transmission of funds, in order to cover this fictitious receipt in the fiscal operations of the Central Office.

28. Contract of August 7, 1903, with Santiago Michelena for \$6,000.
Interest at 2% monthly. Security, one-half the tax on lotteries.
On Oct. 31, other advances having been made in the meantime, this loan amounted to \$14,600 83
Security then increased to three-quarters of the tax on lotteries

- and a pledge of stamped paper and postage stamps to double the amount of the debt.
29. Contract of August 18, 1903, with Eduardo A. Leon for coal for fleet and electric plant.
30. Contract of Sept. 11, 1903, with Juan Parra Alba for loan of \$10,000, cash, and \$2,500, old debt; increased on Oct. 31 by \$731.05 from contract 14 and by \$250 interest for 40 days on \$12,500 @ 1 & 1/2% a month... 13,481 05
Security, 75% of the duties for which lender may become liable, together with pledge of bonds of interior floating debt.
31. Contract of Sept. 13, 1903, with José Dolores Pichardo Bt. *et al.*, for purchase of a house in Santiago for... 13,000 00
Price collectible from custom houses of Sanchez, Puerto Plata and Monte Cristy, at the rate of \$1,000 a month.
32. Contract of September 21, 1903, with C. H. Loinaz & Co. for.... 20,000 00
\$15,000 for payments to be made of "certain accounts arising from the last revolution at Monte Cristy," and \$5,000 for commission and interest on same for 10 months. Security, revenues of custom house of Puerto Plata pledged to pay \$2,000 a month.
33. Contract of October 10, 1903, with José D. Pichardo Bt. *et al.*, to establish a line of sailing vessels between San Domingo and Curacao.
34. Contract of September 30, 1903, with Ariza, Moya & Grieser for.. 30,000 00

Authorized by Congress. Interest 1 & 1/2% a month and 1/2% commission on the sums the lenders collect in payment.

Made up of \$17,603.26, balance due on contract No. 10; \$2,000 loaned Aug. 4, 1903, with interest at 2% for 3 months, \$120 and \$12,276.74 in cash.

Security, 1/4 part of the war tax on cacao.

35. Contract of October 22, 1903, with the successors of J. B. Vicini for. \$3,000 00

To pay \$2,881 demanded by the Minister of the United States for Sala & Co.

Interest, 2% a month, compounded semi-annually. Security, 25% of the port duties for which lenders may become liable, as per contract No. 21.

86. Contract of November 3, 1903, with Juan Parra Alba, pledging 40% of the import duties for which Alba may become liable at the port of San Domingo to pay advances amounting to..... 8,917 49

Payments to begin after contract No. 30 has been discharged.

37. Contract of October 30, 1903, with F. Von Krosigk, Consul of the German Empire, and E. de Perera Blesa, Consul and Chargé d'affaires of Spain, representing their respective Governments, by which San Domingo recognizes its indebtedness to Viñamatta & Hutlinger for the sum of 1,020,000 marks, equal in gold (American) to \$240,800, and reduced by this agreement to the sum of... 196,534 00

Form of payment;

Bonds of the interior floating debt, bearing 3% annual interest..... \$96,500 00

Notes of the "Contaduria General,"

payable \$4,000 a month from Jan. 31,

1904, to Jan. 31, 1906. 100,034 00

38. Contract of Nov. 17, 1903, with Pedro A. Ricart, for the sum of.

15,688 12

\$9,688.12 loaned July 17, 1903; \$3,000 loaned Nov. 2, 1903, and \$3,000 in cash.

Interest not stated. Security, a sale and delivery to lender of stamped paper to the amount of \$26,000, gold, and of National Bank bills to the amount of \$12,000, gold (\$30,000 of the first emission), with the right in the Government to reacquire said securities by paying the vendee \$5,229.37, Jan. 1, 1904, and the balance by Feb. 17, 1904. If not thus reacquired the securities are the property of the vendee for the sums advanced. Further security, in case of failure to pay an installment gives the vendee a pledge of 66% of all the customs dues of San Domingo until full payment is received.

The "monthly statements" of the accounts between the "Regie" and the Dominican Government, which were approved by the "Contador General" and returned to the Director General of the "Regie" (see middle of page 54, *supra*), have been preserved in the house occupied by the Improvement Company in San Domingo City. The Company cabled its representative there on December 18th last, to ship these statements to New York by the first steamer. He reported that, on account of the political disturbances, he was not then able to send them, and, by letters from him and from Minister Powell, received on February 11th, 1904, they report that the troops of the revolution have entered the Company's house and have torn up and otherwise destroyed said statements, together with many books and other papers belonging to the Company. Affidavits will be secured as soon as conditions will admit.

JOHN T. ABBOTT.

Sworn and subscribed before }
me this 18th day of Feb- }
ruary, A. D. 1904.

E. A. MACCLEAN,
Notary Public, N. Y. Co., No. 1.

{ NOTARIAL }
{ SEAL. }

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